United Nations S/2001/716

Security Council

Distr.: General
20 July 2001
English
Original: French

Letter dated 19 July 2001 from the Permanent Representative of Rwanda to the United Nations addressed to the President of the Security Council

I have the honour to address this letter to you in response to the provocative and slanderous comments that the Permanent Representative of the Democratic Republic of the Congo made in his letter dated 13 July 2001 (S/2001/694) addressed to you.

1. The Democratic Republic of the Congo undermines the Lusaka Peace Agreement

The letter of the Permanent Representative of the Democratic Republic of the Congo clearly reveals the delaying tactics of the Kinshasa Government, which is trying to use every possible means, including provocation, to sabotage the implementation of the Lusaka Peace Agreement.

Indeed, launching such a virulent attack on two of the signatories to the Lusaka Peace Agreement on the basis of delusions of secession, constitutes a deliberate attempt to thwart the implementation of the Lusaka Peace Agreement that we all signed voluntarily and, it should be recalled, as equal partners.

2. Congo-Kinshasa opposed to the Inter-Congolese dialogue

The letter of the Permanent Representative of the Democratic Republic of the Congo is but the tip of the iceberg. He accuses us of having a hidden agenda while in reality it is Congo-Kinshasa which has a hidden agenda, an agenda which excludes Congolese of the eastern part of the Democratic Republic of the Congo who, according to Kinshasa, are not Congolese. In fact, it was the key issue of nationality that sparked the internal crisis in the Democratic Republic of the Congo, and that the authorities want to evade. The Kinshasa Government is extremely scared of addressing this issue face to face with the Congolese from the eastern part of the country. That is the truth. As the deadline laid down by the Lusaka Agreement for discussions on the question of nationality approaches, the Government of Kinshasa is becoming more irritated and is starting the game of provocation and insult against two signatories to the Lusaka Peace Agreement, one of which is supposed to participate in the Inter-Congolese dialogue.

Rwanda would like to clearly recall, once and for all, that it will not continue to tolerate the existence along its borders of people denied their right to nationality by their own country. The Democratic Republic of the Congo should stop burying its head in the sand and start assuming all its responsibilities in this regard so as to

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settle, once and for all, the issue of nationality which, apart from being a source of conflict and insecurity in the Democratic Republic of the Congo, also affects neighbouring countries such as Rwanda.

3. Congo-Kinshasa is against the spirit of the African Union

The delusions of secession and expansionism have caused the Kinshasa authorities to overlook the commitments of African heads of State, including their recent meeting in Lusaka, where they have just reaffirmed their unwavering desire to establish a strong African Union, which should lead to the outright abolition of borders between African States. The resort today by the Democratic Republic of the Congo to the reactionary tune of expansionism and secession constitutes a deliberate attempt to thwart the desire of African States for a union.

In conclusion, Rwanda requests the Security Council to approach the authorities of the Democratic Republic of the Congo and to urge them to remain calm, to respect and implement all the provisions of the Lusaka Peace Agreement that they voluntarily signed with their partners, including the Rassemblement Congolais pour la Démocratie and the Republic of Rwanda.

Since the letter to which we are responding has been published and circulated to all Member States as a document of the Security Council, ours should also be given similar treatment.

(*Signed*) Anastase **Gasana**
Ambassador
Permanent Representative

United Nations A/ES-10/98–S/2001/717

General Assembly
Security Council

Distr.: General
20 July 2001

Original: English

Tenth emergency special session
Agenda item 5
Illegal Israeli actions in Occupied East Jerusalem and the rest of the Occupied Palestinian Territory

Security Council
Fifty-sixth year

Identical letters dated 20 July 2001 from the Chargé d'affaires a.i. of the Permanent Observer Mission of Palestine to the United Nations addressed to the Secretary-General and the President of the Security Council

Yesterday, 19 July 2001, illegal Israeli settlers brutally shot and killed three Palestinian civilians, including a 3-month-old baby. The three family members killed, Mohammed Salamah Al-Tameezi, Mohammed Hilmi Al-Tameezi and 3-month-old Dia'a Marwan Al-Tameezi, were returning from a wedding when their car came under fire near the city of Al-Khalil (Hebron). In addition, many Palestinian civilians were seriously injured in this brutal settler attack. This heinous crime represents a dangerous escalation of settler aggression against Palestinian civilians.

Regretfully, Israeli occupying forces continue to provide protection for illegal settlers' aggression against the Palestinian people and their property. Israeli settlers, who have been illegally transferred by the occupying Power to the Occupied Palestinian Territory, including Jerusalem, in grave breach of the Fourth Geneva Convention of 1949 and in total violation of relevant Security Council resolutions, and their actions remain the exclusive responsibility of the occupying Power. Secondly, Israeli settlers continue to burn trees and crops belonging to the Palestinians and erecting new settlement posts as they continue endangering the lives and well-being of Palestinian civilians. We hold the government of Mr. Ariel Sharon fully responsible for the atrocities being committed by the illegal settlers against the Palestinian people.

Furthermore, I am writing this letter in follow-up to our previous 57 letters addressed to you regarding this grave and ongoing situation in the Occupied Palestinian Territory, including Jerusalem, dated from 29 September 2000 to 13 July 2001 (A/55/437-S/2000/930; A/55/450-S/2000/957; A/55/466-S/2000/971; A/55/474-S/2000/984; A/55/490-S/2000/993; A/ES-10/39-S/2000/1015; A/ES-10/40-S/2000/1025; A/ES-10/42-S/2000/1068; A/ES-10/43-S/2000/1078; A/ES-10/44-S/2000/1093; A/ES-10/45-S/2000/1104; A/ES-10/46-S/2000/1107; A/ES-10/47-S/2000/1116; A/ES-10/48-S/2000/1129; A/ES-10/49-S/2000/1154; A/ES-10/50-S/2000/1173; A/ES-10/51-

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S/2000/1185; A/ES-10/52-S/2000/1206; A/ES-10/53-S/2000/1247; A/ES-10/54-S/2001/7; A/ES-10/55-S/2001/33; A/ES-10/56-S/2001/50; A/ES-10/57-S/2001/101; A/ES-10/58-S/2001/131; A/ES-10/59-S/2001/156; A/ES-10/60-S/2001/175; A/ES-10/61-S/2001/189; A/ES-10/71-S/2001/314; A/ES-10/72-S/2001/332; A/ES-10/75-S/2001/352; A/ES-10/76-S/2001/372; A/ES-10/79-S/2001/418; A/ES-10/80-S/2001/432; A/ES-10/81-S/2001/447; A/ES-10/82-S/2001/463; A/ES-10/83-S/2001/471; A/ES-10/84-S/2001/479; A/ES-10/85-S/2001/486; A/ES-10/86-S/2001/496; A/ES-10/87-S/2001/504; A/ES-10/88-S/2001/508; A/ES-10/89-S/2001/544; A/ES-10/90-S/2001/586; A/ES-10/91-S/2001/605; A/ES-10/92-S/2001/629; A/ES-10/93-S/2001/657; A/ES-10/94-S/2001/669; A/ES-10/95-S/2001/686, A/ES-10/96-S/2001/697 and A/ES-10/97-S/2001/708). I regret to inform you that the criminal actions committed against the Palestinian people yesterday raise the total number of Palestinian martyrs killed by Israeli occupying forces and Israeli settlers since 28 September 2000 to 528. (The names of the martyrs are mentioned above and are contained in the annex to the present letter.) The number of Palestinians wounded and injured, many severely and permanently, also continues to rise.

The Security Council, as the organ responsible for the maintenance of peace and security on behalf of the international community, cannot absolve itself from its responsibility vis-à-vis the ongoing tragic and dangerous situation in the Occupied Palestinian Territory, including Jerusalem. We once again reiterate our call to the Council to uphold its responsibility and take the necessary action in this regard, in particular the provision of protection for Palestinian civilians, as well as to ensure compliance with international law, international humanitarian law and existing Palestinian-Israeli agreements. In this regard, we specifically call for the implementation of relevant Security Council resolutions calling for the disarming of illegal Israeli settlers. We also call for the international community to enforce the implementation of the recommendations of the report of the Sharm El-Sheikh Fact-Finding Committee (Mitchell report) in their entirety.

I would be grateful if you would arrange to have the text of the present letter and its annex distributed as a document of the tenth emergency special session of the General Assembly, under agenda item 5, and of the Security Council.

(*Signed*) Marwan **Jilani**
Chargé d'affaires a.i.

Annex to the letter dated 20 July 2001 from the Chargé d'affaires a.i. of the Permanent Observer Mission of Palestine to the United Nations addressed to the Secretary-General and the President of the Security Council

Names of martyrs killed by Israeli occupying forces in the Occupied Palestinian Territory, including Jerusalem*

Thursday, 19 July 2001

1. Mohammed Salamah Al-Tameezi
2. Mohammed Hilmi Al-Tameezi
3. Dia'a Marwan Al-Tameezi (3 months old)

* Total number of Palestinian martyrs killed by Israeli occupying forces since 28 September 2000 = 528.

United Nations S/2001/718

Security Council

Distr.: General
20 July 2001

Original: English

Letter dated 13 July 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone addressed to the President of the Security Council

I have the honour to refer to resolution 1171 (1998), adopted by the Security Council on 5 June 1998, concerning Sierra Leone. In paragraph 4 of the resolution, the Committee is required to report to the Council on notifications received from States on the export of arms and related matériel to Sierra Leone as well as on notifications of imports of arms and related matériel made by the Government of Sierra Leone.

Accordingly, I wish to inform you that the Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone received a notification on 29 June 2001 from the Government of Sierra Leone containing the following list of items which the Government of the United Kingdom of Great Britain and Northern Ireland, as part of its Sierra Leone Army and Police re-equipment programme, has offered to the Government of Sierra Leone:

Army kit

Armament

261	RPG launchers
56	Mor 60 mm type 63
110	81 mm mortar
6	AGS 17 AGL 30 mm
20	12.7 mm AA
6	14.5 mm AA (TB)
90	Pistols
150	GPMG 7.62 mm

Ammunition

1,000,000	7.62 x 51 balls
1,000,000	7.62 x 51 links
500,000	7.62 x 54 links
500,000	7.62 x 39 balls/links
5,500	RPG bombs (HE)
10,000	AGL 30 mm (AGS-17)
10,000	9 mm cartridges type 59

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3,000	Mor 60 mm HE
3,000	Mor 60 mm Illum
1,000	Mor 82 mm HE
500	Mor 82 mm Illum
10,000	Mor 81 mm Illum
3,000	Mor 81 mm Illum
56,000	12.7 mm AA (API cartridge type 54)
100	Trip flares
800	Distress Para Illum
20	Mk5 Sig Yellow
20	Mk5 Sig Red
20	Mk5 Sig Green
50	Grenade screens 5 Mk1

Police kit

Weapons

527	Glock 9 mm
567	Glock holsters
1	Glock spares kit
2	Glock tool sets
360	ERO 9 mm
46	Remington 12 bore 870 Police
5	Remington 12 bore 870 P
112	.223 rifles HK G36K
112	Galil 5.56 + tools
11	.243 AWP sniper rifles
11	7.62 mm Rem sniper rifles
10	.22 rifles
10	.22 pistols
124	38 mm MPRG
738,000	9 mm X 19 mm Para
555,000	9 mm X 19 mm Para
5,000	12 Solid slug
4,000	12 g 00 Buck
1,000	12 g CS
100	12 g RAM (Hatton)
59,000	.223 Rem 55 g
7,000	.243 Win 100 g
7,000	7.62 mm 150 g
3,780	37 mm Baton
6,320	38 mm CS
48	Hand Smoke
48	Hand CS

(*Signed*) Anwarul Karim **Chowdhury**
Chairman
Security Council Committee established pursuant to
resolution 1132 (1997) concerning Sierra Leone

United Nations S/2001/719

Security Council

Distr.: General
24 July 2001

Original: English

Progress report of the Secretary-General on the United Nations Transitional Administration in East Timor

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1338 (2001) of 31 January 2001, by which the Council decided to extend the mandate of the United Nations Transitional Administration in East Timor (UNTAET) until 31 January 2002. In that resolution, the Council stressed the need for a substantial international presence in East Timor, and requested me to submit detailed recommendations in this regard within six months. The current report covers the activities of UNTAET, developments in East Timor and the progress made in planning for an international presence in East Timor after independence since my interim report of 2 May 2001 (S/2001/436). During this period, the Council received a briefing on developments in East Timor (S/PV.4321).

II. Political transition

2. During the past six months, East Timor has made substantial progress towards independence, following the calendar laid down by the National Council in February 2001. With the dissolution of the National Council and the start of a six-week election campaign on 15 July 2001, a new phase of organized political activity has begun. Sixteen parties, seven of which were established in the past year, registered with the Independent Electoral Commission to field candidates in the election supervised by the Commission for the 88-member Constituent Assembly, scheduled for 30 August 2001. When registration closed on 23 June 2001, 1,138 party and independent candidates had been registered, with women constituting 27 per cent of the national lists.

3. Between 16 March and 23 June 2001, the Civil Registry Unit of UNTAET registered a consolidated total of 737,811 residents of East Timor, including children. This registration lays the basis for a continuous civil register, which will be maintained by the Civil Registry administration, and will serve as a vital planning tool in areas such as health, education and infrastructure. On the basis of these data, a provisional list of voters was also produced. Preparations for the 30 August election have been accompanied by a country-wide campaign of civic education, conducted through East Timorese non-governmental organizations (NGOs), with assistance from UNTAET. Although East Timor is highly heterogeneous in its ethnic and linguistic composition, no party is basing its campaign appeal on regional or ethnic affiliations.

4. On 8 July 2001, 14 of the 16 parties contesting in the election signed a pact of national unity by which they committed themselves to respecting the outcome of the election, to conducting themselves, in a peaceful and mutually respectful fashion and to defending multi-party democracy. The refusal by two minor parties to sign is not seen as detrimental to the positive stance that is being adopted overall in the campaign period. The political groups that have so far remained outside the election process are the East Timor People's Front (BRTT), a pro-autonomy party, and the Popular Council for the Defence of the Democratic Republic of East Timor (CPD-RDTL). CPD-RDTL, which

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continues to oppose the ballot on the grounds that East Timor became independent in 1975 and already has a constitution, refuses to recognize the legitimacy of the UNTAET mandate from the Security Council. During civil registration, its supporters reportedly attempted to obstruct Timorese people from registering and thus participating in the elections.

5. Since a significant portion of its membership is running for election to the Constituent Assembly, the National Council was formally dissolved on 14 July, prior to the commencement of the campaign period. During the National Council's nine months of sessions, 28 legislative acts were endorsed. In the interim transitional period, my Special Representative, Sergio Vieira de Mello, will continue to promulgate regulations essential for governance. At the start of the election campaign, a minor reshuffle took place in the Cabinet following the departure of three East Timorese members who are also candidates in the election. Senior East Timorese officials in the departments concerned replaced them on a caretaker basis.

6. So far, it appears that the election is likely to be fought more on the basis of personalities, past record, and symbols especially during the independence struggle, rather than on the basis of ideology. The evident lack of means of most parties and independent candidates to wage a campaign led UNTAET to seek donor support for a modest programme of in-kind assistance to all registered parties and independent candidates.

7. In June and July 2001, over 36,000 East Timorese, nearly 10 per cent of the electorate took part in hearings convened by the 13 district constitutional commissions. The hearings were on systems of government, basic rights and other issues to be included in the constitution. The views, along with those of political parties, will be conveyed to the Constituent Assembly. The Assembly will meet from 15 September 2001, with a target of 90 days in which to draft a constitution. The Assembly will also perform essential legislative functions, under the authority of the Transitional Administrator, who will continue to exercise ultimate executive and legislative authority until independence. The Assembly may decide to remain in existence as the legislature of independent East Timor.

8. During the last six months, the nine-member Cabinet composed of East Timorese and United Nations staff members and, presided over by my Special Representative, has continued to meet on a regular basis. This Cabinet has been an effective and cohesive instrument of government, directing the work of the East Timor Transitional Administration (ETTA) and determining policy. It has established a good working relationship with the National Council, even though the Council did not always approve draft regulations sent for its consideration, including legislation on the legal establishment of ETTA itself.

9. My Special Representative intends to appoint, on 15 September 2001, a new and enlarged transitional Cabinet composed entirely of East Timorese. The composition of this Cabinet of National Unity, expected to see East Timor through to independence, will broadly reflect the outcome of the election. This administration is expected to be larger in size with more Cabinet portfolios, intended to more closely prefigure the government structure of an independent East Timor.

III. East Timor Transitional Administration

10. As the political process moves towards independence, the work of ETTA is focused on the achievement of a series of benchmarks, as outlined in the annex, that set out the steps in the transition of the Administration to an independent Government of East Timor.

11. In the last six months, steady progress has been made in achieving targets in civil service recruitment and training, and adopting legislation on employment and labour administration, minimum wages, labour relations and termination of employment. Attention has also focused on ensuring the successful administrative hand-over to an independent East Timorese Government. Economic growth remained strong, driven by the high demand for services in Dili, and Government/donor-assisted agricultural recovery. The participation of the East Timorese in these industries and the recruitment of East Timorese civil servants have increased their purchasing power. Sustained private sector growth was, and will continue to be, limited until the question of property rights and land titles is resolved, and a regulatory framework for commercial activity established. Progress was hampered by the continued poor state of internal

roadways, due to the combined effects of the rainy season and the usage of heavy vehicles. Over $8.5 million was spent on rehabilitation and maintenance of core road networks.

12. On 5 July 2001, Australian and East Timorese Cabinet ministers initialled the Timor Sea Arrangement, the culmination of 16 months of negotiations during which East Timor's negotiating team, jointly headed by an international and an East Timorese Cabinet member, represented the position defined by East Timor's Cabinet. The Arrangement provides East Timor with 90 per cent of the oil and gas production in the area covered under the 1989 Australia-Indonesia Timor Gap Treaty. Equally important, the Arrangement gives East Timor control over the development of its own fiscal scheme for future developments and taxation in the area. By contrast, under the Australia-Indonesia Treaty, revenues were split equally between the two countries and the fiscal arrangements were frozen. In the coming weeks, the negotiating team will begin negotiations with companies on fiscal issues related to gas developments. The Arrangement will come into effect as a treaty only when approved, signed and ratified by the elected Government of East Timor.

13. East Timorese have been integrated into all major decision-making areas within the Transitional Administration. To date, 9,266 of the 10,554 civil servant positions have been filled. Notably, 20 East Timorese heads of office have taken on responsibilities of senior management, including the selection of personnel for the intermediate and lower levels. The transfer of authority has also extended to the districts, where all 13 district administrators and their deputies are now East Timorese, one third of whom are women. The Administration's Civil Service Academy has organized induction courses and conducted skills training in management, computers, language and good governance. More than 2,500 people have participated in this training so far.

14. The reconstruction of 13 major public buildings of the East Timor Transitional Administration has been completed, including the Court of Appeals, Central Payments Office, Police Academy, Water Department, Civil Service Academy and the post office in Baucau. Still under reconstruction are 12 public buildings in Dili which will house the future ministries of education, justice and telecommunications, the central administrative service warehouse, a national records centre and a national planning and development agency. Seven buildings are under reconstruction in Baucau, Ermera, Liquica, Maliana, Oecussi and Viqueque districts. Additional rehabilitation work has been conducted on UNTAET facilities throughout East Timor.

Finance

15. The fourth donors' meeting on East Timor, held in Canberra on 14 and 15 June 2001, endorsed a combined-sources budget of $65 million for East Timor for the fiscal year 2001-2002. A deficit of around $20 million will need to be financed from donor contributions. While the meeting was not a pledging session, some donors indicated they would provide additional contributions to the budget. Of particular concern to donors was the size of the recurrent budget in successive financial years. Investments incorporated in this $65 million budget and policies already adopted will lead to future recurrent commitments, for example, police and defence forces, foreign representation and subsidized tertiary education, raising expenditures to $100 million by 2004-2005. All donors emphasized the need for fiscal sustainability and urged that the policies driving expansion in the recurrent budget be carefully examined before future costs are locked in. The need to strengthen revenues, particularly the recovery of utility costs, was emphasized. On the other hand, donors accepted their responsibility to take recurrent expenditures and future budgetary implications into account when designing their assistance programmes. Against this background, donors called on the future East Timorese Administration to develop a clear plan for medium-term expenditures, with an emphasis on reducing poverty.

16. Expenditure under the UNTAET Consolidated Trust Fund and the World Bank-administered Trust Fund for East Timor for 2000-2001 reached about $110 million. United Nations agencies expended some $64 million. Commitments to the Trust Fund for East Timor were largely on track, but there was a need for additional commitment authority for the new fiscal year to follow through on the Trust Fund's work programme as approved by the East Timorese Cabinet. In regard to the consolidated budget, roughly 60 per cent was financed by donor contributions, compared with 40 per cent from revenues from taxes or other income.

17. The sectoral breakdown of the current and proposed spending from the UNTAET Consolidated Trust Fund is strongly supportive of sustained long-term development, with 40 per cent of the spending directed towards health and education. A further 25 per cent is spent in agriculture and infrastructure, the development of which is critical to private sector recovery and growth. The rise in revenues from the Timor Sea, which are expected to come in sometime in 2004, will be significant for East Timor. The precise amount, however, cannot be predicted with any certainty. The administration and the future Government of East Timor will need to adopt a fiscal policy that prudently manages resources, with a view to reconciling capital and recurrent expenditures over the medium term. The current budget was seen as a good step in this direction.

Economy

18. Agriculture is the single largest contributor to the East Timorese gross national product. Efforts to increase crop production with the aim of ensuring food self-sufficiency and food security, together with a relatively favourable climate in early 2001, have seen the volume of agriculture production continue to recover, approaching estimated levels before the violence in 1999. The Division of Agricultural Affairs of the ETTA Department of Economic Affairs has distributed more than 900 metric tonnes of fertilizer to all relevant districts. However, income generation from crops is affected by several factors: poor road conditions, rice crops competing with low-cost imports from other parts of South-east Asia, and low coffee prices. To extract the top quality coffee beans that buyers seek, East Timorese farmers also need training on processing methods.

19. The Division of Agricultural Affairs has completed its vaccination programme, the rehabilitation of a quarantine station, and the distribution of animal health guidelines. It is also importing 2,000 cattle and buffalo in 2001. The irrigation section has repaired and maintained community irrigation systems covering more than 5,000 hectares of irrigated land, and rehabilitated 50 kilometres of access roads. The fisheries and marine service has worked with businesses and civil society to provide fishing equipment for East Timor's fishermen. After broad consultations, the Cabinet approved a national forestry programme and policy statement that is consistent with international standards. This community-based programme has empowered local communities to manage their natural resources in a sustainable manner.

20. The Cabinet established a mineral resources section in the Department of Economic Affairs to manage and regulate natural resource exploration and exploitation activities. The World Bank's Small Enterprises Programme has generated 1,296 direct jobs, one third of which are occupied by women. In the first round of applications, the disbursement of more than 300 loans, amounting to close to $4 million, was approved. Approximately 17 per cent of the loans have been granted to women recipients. UNTAET, together with the World Bank, is appraising a second small enterprises loan programme of $7.5 million. Close to 4,500 businesses have been registered since April 2000, more than 80 per cent owned by East Timorese. The micro-finance development project run by the Asian Development Bank has made initial contacts with credit unions and undertaken needs assessments. The project aims to generate income for 21,000 poor rural households, in part through the establishment of a micro-finance bank.

21. A key objective of infrastructure activities has been to develop independence from government subsidies. The power supply and aviation and maritime agencies are to take the lead, with the aim of becoming self-sustaining within the 2001-2002 fiscal period. Civil aviation has seen the arrival of a new head, and a contract has been granted to a Portuguese consortium to manage the Dili International Airport. Improvement to the airport's runway, communications and passenger terminals has attracted new passenger services, and fares to certain destinations have been reduced as a result of increased competition. The port of Dili can now handle up to 40 vessels, 1,800 containers and 370 vehicles a month and is bringing in significant revenue to the Transitional Administration. Post and telecommunication services continue to improve, with wider access to telephones and agreements with Australia and Portugal to facilitate international postal traffic. The Border Service revenue collection has surpassed estimates by almost 40 per cent for the first year of operation. Penalties alone account for the entire salary budget of East Timorese officers. The Service has also issued over 8,500 travel documents for East Timor's residents.

22. A joint project by the International Labour Organization and the United States of America, budgeted at over $750,000 for the improvement of labour relations in East Timor, was approved. United Nations agency support, in conjunction with the Bretton Woods institutions, has been key, through the conduct of poverty assessments as a basis for national planning. The United Nations Development Programme (UNDP) has formulated a programme, for which funding is sought, under which 234 East Timorese will develop the skills and experience needed to organize elections in the future. United Nations agencies are also supporting capacity development for civil society, especially NGOs and women's groups, to facilitate their effective contribution to the nation-building process. The United Nations agencies initiated the United Nations Development Assistance Framework (UNDAF) process in early 2000, resulting in the publication of a common country assessment in November 2000. The country assessment provided the first comprehensive assessment of the development situation. The national priorities and needs addressed in the country assessment will be incorporated into the UNDAF process, which is scheduled to be completed by the end of the year.

Education and social services

23. An original target of rehabilitation of 2,100 classrooms has been increased to 2,733 throughout the territory to accommodate higher-than-predicted enrolment numbers. As of July 2001, 373 schools holding a total of close to 2,000 classrooms have been rehabilitated to the basic operational level. Work continues on 47 schools, while agreements have been signed for the remaining 114 to be rehabilitated, and contracts approved for construction of five primary and secondary schools in Baucau, Maliana, Manatuto, Oecussi and Same. Over 600 sets of school furniture have been provided to supplement the available stocks in East Timor. Teaching packages have been ordered and more than 1,700 (approximately 75 per cent of the start-up requirements for the academic year) have been delivered to the schools and assembled. The Health in School Initiative trained primary school teachers in Dili to use simple approaches to screen the eyesight of children, and has provided water and sanitation facilities for 40 primary schools.

24. Although education receives a significant portion of the budget allocations and bilateral assistance, development of the education sector still faces considerable obstacles, including a continuing need for teacher training and equipping of schools. The introduction of Portuguese and Tetum as new languages of instruction in primary schools has been an additional constraint.

25. In the health sector, the last six months have seen an increase in reproductive health services within the framework of a two-year plan of action for reproductive health jointly created by ETTA and United Nations agencies. The latter is facilitating the provision of medical supplies and training. A national polio immunization programme jointly created by ETTA and United Nations agencies has achieved 80 per cent coverage, though overall national immunization rates, at 15 per cent, are still low. Agencies supported the formulation of a mental health policy that is under implementation. Recognizing the existence of factors that could favour an increase in the incidence of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) in East Timor, the Health Division, together with United Nations agencies, has established a group to develop a culturally sensitive programme for the prevention of sexually transmitted diseases, including HIV/AIDS.

26. During the past six months, there has been a progressive shift towards management of the health sector by East Timorese. Recruitment of staff is nearing completion, including 18 senior staff members who were inducted as the leaders of the health service on 7 June 2001. Construction of Trust Fund-financed community health centres was initiated, beginning with the Dili centre. Twenty-one other centres will follow, together with a national medical store. The latter is the key element in the establishment of an autonomous medical supply system. Since the start of the mission, the community has received clinical services through a network of 64 community health centres, together with 88 health posts and 117 mobile clinics. On 29 June 2001, the Dili National Hospital was transferred from the International Committee of the Red Cross to ETTA. Four additional hospitals will be reconstructed or rehabilitated under the second health sector development project, which is now fully funded.

Foreign affairs

27. The ETTA Department of Foreign Affairs has focused on the recruitment and training of foreign service officers. Twenty East Timorese have been recruited after having completed their basic diplomatic training in Dili and abroad, with an additional 15 people currently in training. The Department continues to work towards membership in the Association of South-East Asian Nations (ASEAN). Relations with Indonesia have progressed in a number of areas, including on border issues through the implementation of the Joint Border Committee arrangements. Discussions are still being held on the continuation of pension payments for former Indonesian State employees residing in East Timor beyond independence.

Reconciliation and justice

28. The East Timorese leadership has stepped up its reconciliation efforts in recent months. Xanana Gusmão met with militia leaders on the border in early July 2001, and Bishop Basilio Nascimento of Baucau, together with six local chiefs from East Timor, visited West Timor in May. The reconciliation initiatives led by UNTAET have sought to encourage the return of those refugees still in West Timor, with a view to ensuring the long-term stability of the Timorese society. These initiatives are being taken through a district-by-district approach, beginning with Baucau and Ainaro.

29. On 20 June 2001, after broad-based consultations with civil society and the justice system, the National Council finalized and endorsed a regulation establishing a Truth, Reception and Reconciliation Commission. The Commission will enable the East Timorese to create a public record of human rights abuses since 1975, to facilitate the reintegration of returning refugees and to promote community reconciliation by dealing with low-level offences committed in 1999.

30. Despite persistent efforts by UNTAET, the memorandum of understanding on cooperation in legal, judicial and human rights matters, concluded with Indonesia on 6 April 2000, has so far failed to yield results. The Indonesian authorities remained reluctant to implement section 9 of the memorandum, which allows for the transfer of persons for purposes of prosecution. Moreover, the establishment of a special human rights tribunal in Indonesia for the prosecution of serious crimes against the East Timorese people remains outstanding, making it impossible to bring to justice the first 23 suspects of serious crimes in East Timor, identified in September 2000 by the Indonesian authorities concerned. While the Government of Indonesia has expressed its readiness to do so, it has yet to amend the 24 April 2001 decree establishing an ad hoc tribunal for East Timor to extend the tribunal's jurisdiction to human rights violations committed throughout 1999, and not limit it merely to those committed after East Timor's popular consultation of 30 August 1999. The Indonesian Attorney-General has not yet appealed against the extremely light sentences handed down by a Jakarta court to six men in connection with the murder of three workers of the Office of the United Nations High Commissioner for Refugees (UNHCR) in Atambua on 6 September 2000. On 9 July 2001, however, Indonesia did dispatch prosecutors to East Timor for investigations in connection with the murder of a New Zealand soldier, Private Leonard Manning, in Suai district on 24 July 2000 (see S/2000/738, para. 53).

31. The Serious Crimes Investigation Unit of the Office of the East Timor General Prosecutor has continued to focus on the investigation of 5 of the 10 priority cases: the Liquiça church massacre of 6 April 1999; the killings at the house of Manuel Carrascalão on 17 April 1999; the killings at the Maliana police station on 8 September 1999; the killings of clergy and other persons and the deportation or forcible transfer of the civilian population in the Lautem district from April to September 1999; and a case of violence against women in Lolotoe (Bobonaro district). The first trial on charges of crimes against humanity began in July with 11 persons accused of war crimes in the Lautem case. Additional indictments were filed on 6 February 2001 in the Lolotoe case, and on 2 May and 6 June 2001 in the Liquiça church case. The first verdict was delivered in the Lolotoe case in January 2001, resulting in the sentencing and imprisonment of one former militia member. Faster progress overall has been hampered by a lack of translators.

32. The justice system investigated 210 ordinary criminal cases over the past six months. Indictments were filed in 118 cases, 54 of which have gone to trial, and 8 were settled through court-brokered mediation. For the four district courts in East Timor, on-the-job

training and mentoring of East Timor's 25 judges, 13 prosecutors, 9 public defenders and 25 court clerks have been intensified. The rehabilitation of three detention centres and on-the-job training of 125 prison guards is increasing the effectiveness of the penitentiary system. The justice system continues, however, to be severely lacking in both physical and human resources, which is hampering its development.

Police

33. The United Nations civilian police, with a presence of 1,419 officers, has continued its dual role of maintaining law and order and building the East Timor Police Service. Special preparations are under way to ensure public safety during the upcoming elections, and community-policing activities are being conducted to pre-empt any campaign-related violence. A monthly average of 300 crimes have been reported to the police, half of which constitute cases of theft or personal assault, in particular domestic violence, and criminal investigations have been completed in over 80 per cent of the cases.

34. To date, 779 officers have been recruited into the East Timor Police Service, against its target strength of 3,000. As of July, a total of 177 command-level East Timorese officers have been deployed. An additional 300 cadets are currently in training at the East Timor Police College, whose leadership is now assumed by East Timor' s highest-ranking police officer. A specialized unit for close protection has been trained and made operational. Units for vulnerable persons and for traffic investigations have also been trained and made operational throughout the territory. All the training strategies aim at enhancing a culture of protection of human rights, according to international police and justice standards.

35. It is intended to establish East Timorese specialized police units for crowd management — equivalent to the rapid response units of the UNTAET civilian police — as well as public order task forces. The establishment of such units and task forces is of priority, to enable the East Timorese to play an increasingly greater role in enforcing public security. The crowd-management specialized police units, which will also perform routine patrols and traffic control duties, will be established in the most sensitive districts of East Timor. Fifty-eight East Timorese police officers are currently attending a specialized crowd-management course at the Police College. On completion of the course, there will be a 44-man-strong specialized police unit for crowd management in Dili and a 14-man-strong unit in Baucau. Further crowd-management courses will run regularly. In the country's remaining districts, there will also be a need for police officers trained and equipped to deal with small-scale public order issues. These officers, who perform routine police duties, will assemble in task forces when the need arises.

36. A small National Disaster Management Office was established within the Department of Police and Emergency Services of the Transitional Administration. An initial national framework, spanning preparedness, response, recovery, prevention and mitigation, was approved by the Cabinet in March 2001 and a National Disaster Management Committee was formed, which embraces a multi-sectoral approach. Within its first six months, the National Disaster Management Office coordinated emergency relief for over 5,600 people in six districts, in partnership with United Nations agencies, NGOs and community organizations. Recent relief operations were launched as a result of severe flooding, including a very large relief operation in the district of Lautem. A year-long UNDP-funded disaster management project is due to begin in August 2001.

Human rights

37. In addition to facilitating and monitoring the safe reintegration of refugees returning from West Timor, the Human Rights Unit of UNTAET continues to assist in the development of East Timor's national institutions, such as the police, the courts and the prisons, to protect and promote human rights. It does this by monitoring, inter alia, the compliance of the United Nations peacekeeping force and civilian police with international human rights standards, the functioning of the administration of justice system, human rights violations against women and minorities, political party activity, and the use of traditional mechanisms to resolve disputes.

38. The Human Rights Unit undertakes a number of other capacity-building activities with the support of the Office of the High Commissioner for Human Rights, including the provision of human rights training for the East Timor Police Service, the United Nations civilian police and East Timorese human rights NGOs, as well as East Timorese human rights interns

recruited by the Unit to work with its international officers in the districts. The Unit otherwise supports the work of NGOs by disseminating international human rights promotional and training material and developing a mechanism through which information collated and analysed by the Unit and East Timorese NGOs will be preserved and accessible for future use.

39. The Human Rights Unit works in cooperation with other UNTAET units to support the constitutional consultative process. This includes support for NGOs in their information campaign on the nature of a constitution, relevant human rights issues and the rights of the East Timorese in the process, and the provision of human rights training for those who will conduct the constitutional consultations. The Unit is also a member of the Cabinet Legislation Committee and reviews all proposed legislation to ensure compliance with international human rights standards. The Unit is working to prepare East Timor for ratification of key international human rights treaties upon independence.

Defence

40. The Office of Defence Force Development was established in January 2001, with an East Timorese head and expert personnel seconded from bilateral donors. Legislation establishing the East Timor Defence Force (ETDF) was approved by the National Council and signed into law by the Transitional Administrator on 31 January 2001. To date, 594 of the 1,500 regular soldiers have been recruited into the Defence Force, the vast majority of whom have been drawn from the ranks of the former Armed Forces for the National Liberation of East Timor (FALINTIL).

41. On 7 July 2001, new permanent barracks for ETDF were opened at Metinaro. On 21 July 2001, the first 247 cadets graduated from their basic training in a ceremony in Aileu. Advanced training will soon commence, as will a new class of basic training for 347 additional cadets.

42. A five-year plan for the future development of ETDF was presented at the second international conference of interested parties on the establishment of ETDF, held on 25 and 26 June 2001. The first battalion of 408 soldiers is scheduled for operational deployment mid-2002. While training, infrastructure and equipment for ETDF depends on voluntary contributions, personnel, operating and maintenance costs will be borne by the Government of East Timor.

Public information

43. UNTAET provides East Timor with 24-hour radio broadcasts, transmitted in four languages, and remains the most effective way of reaching the population in all districts, as well as a large number of refugees in West Timor. East Timorese hold 22 out of 34 positions in the radio service. UNTAET runs East Timor television, which covers Dili directly, and since June 2001, Baucau with a 24-hour delay. Its television unit also distributes tape packages to the districts, which are then shown by mobile units. The unit has contributed to the civic education campaign, with the production of audio-visual educational material. A monthly newspaper with a circulation of 100,000 is printed in four languages. A small media development unit is focusing on helping the independent East Timorese press re-establish itself. This unit has been the catalyst in bringing together a print consortium, jointly owned by local publishing groups and NGOs, and now printing a number of local publications in Tetum and Bahasa Indonesian.

IV. Refugees

44. On 6 and 7 June 2001, the Government of Indonesia registered the refugees in Nusa Tenggara Timur to determine their number and to ascertain if they wished to return to their homes or to resettle in Indonesia. Twelve international observers, including members of UNTAET, the International Organization for Migration (IOM) and the diplomatic corps in Indonesia, visited 120 registration sites on 6 June to observe the first day of registration. They concluded that, overall, the registration process and balloting had been carried out on that day "in a manner that respected procedures and confidentiality to an acceptable degree" (see S/2001/621, annex).

45. The final registration results have not yet been announced, as the Government of Indonesia is vetting duplicate registration forms and categorizing the findings. The preliminary results reported by the Government of Indonesia indicated that, of the 113,791 refugees who participated, 98 per cent opted to remain in Indonesia (see S/2001/621). While these preliminary

results may have accurately indicated the refugees' choice on the day of registration, there is some question as to whether it reflects their long-term intentions. Continued disinformation and intimidation in the camps prior to the registration process, feelings of uncertainty on the part of refugees about the political process in East Timor, and a lack of clarity as to whether the benefits to which they are entitled in Indonesia would continue in East Timor, may have contributed to their reluctance to return at this stage. UNHCR has continued to urge the Government of Indonesia to give priority to the return of those who have opted to repatriate, as they may be subject to reprisals if their decisions become known.

46. There has been no permanent presence of internationally recruited United Nations staff in West Timor since Security Phase V was effectuated, following the murder of three UNHCR workers in Atambua on 6 September 2000. Although the Government of Indonesia has not yet implemented all the measures called for by the Security Council in its resolution 1319 (2000) of 8 September 2000, including the disarmament and disbandment of the militias, the United Nations Security Coordinator dispatched an inter-agency security assessment mission that visited West Timor from 6 to 14 July 2001. The mission is currently analysing its findings before reporting to me.

V. Security

47. Since December 2000, there has been an overall decrease in the level of direct contact between militia forces and the UNTAET military component. The total number of suspected militia sightings for the period was below 30, while there were only nine contacts between suspected militias and the peacekeeping force. A serious shooting incident in the border village of Nunura, Bobonaro district at the beginning of the year was followed by a period of low-level incidents. However, an aggressive attack against UNTAET troops on 2 April 2001, the first direct attack of 2001, was immediately followed by six further incidents, one of which resulted in the death of a resident East Timorese villager with no known militia or criminal connections.

48. Illegal cross-border trade and movement have been associated with serious security incidents and remain of considerable concern. On 29 May 2000, a grenade attack in Maubusa market, Bobonaro District, in a creek bed on the Tactical Coordination Line (the boundary agreed to by UNTAET and the Indonesian armed forces pending a formal agreement demarcating the border) resulted in significant civilian casualties. Those responsible for the incident are suspected militia members involved in illegal gambling. Continued access to militia weaponry raises the threat posed to both security forces and the local population by criminal activity and the escalation of civil disputes.

49. Some militia leaders have continued on a course towards reconciliation and this trend has increased during the last six months. However, there is evidence that the unacceptably light sentences handed out to six individuals who pleaded guilty to involvement in the killing of three UNHCR staff members in Atambua on 6 September 2000, and the insignificant charges and jail term handed out to a well-known militia leader, have encouraged some hard-line militia elements to plan the resumption of offensive operations designed to destabilize the situation in East Timor in the lead-up to the elections and independence. There is concern that some militia elements have adopted a strategy of lying low until independence in the belief that the international military presence will be removed from East Timor.

50. The ability of militias to operate and train unhindered in some areas continues to be of concern. Militia weaponry has been reduced through operations conducted by the Indonesian armed forces and overt carriage of weapons in West Timor appears to have decreased. However, militia still retain easy access to caches of modern weaponry for operations, including hand grenades, semi-automatic and fully automatic small arms. Hard-line elements capable of operational and tactical leadership also remain able to operate from West Timor.

51. Within East Timor, there remains the potential of communal or inter-party violence over the transition period. Sporadic incidents in East Timor have developed rapidly into larger clashes and house burnings, as was the case in Baucau and Viqueque in early March 2001 and again in Baucau in late May 2001. Many Timorese remain afraid of multi-party politics, associating them with the confrontation and violence of the past. In response, UNTAET and ETTA continue to upgrade security measures entailing a coordinated approach between the civilian, military and police components. The current strength of the UNTAET Force is 7,953 for all ranks, compared with its authorized strength of 8,950.

VI. Successor mission

52. In my report of 16 January (S/2001/42), it was stated that, once independent, East Timor would still require substantial international support to be provided through an integrated mission mandated by the Security Council and funded from assessed contributions. In its resolution 1338 (2001) of 31 January 2001, the Security Council requested detailed recommendations for a substantial international presence in East Timor after independence, developed with the East Timorese people and in coordination with the other relevant international and bilateral actors, in particular the international financial institutions and the United Nations funds and programmes.

53. Planning for such a presence has been undertaken by the Working Group on the Post-UNTAET Planning in East Timor, together with an Integrated Mission Task Force in New York. Significant progress has been made in identifying those areas requiring ongoing support. Efforts are now focused on identifying specific functions and timelines and consultations continue. The plan will be refined to reflect the structure of an independent Government of East Timor, which will only become clear once the Constituent Assembly's deliberations have progressed. Notwithstanding the aforementioned, it is clear that there will be a substantial reduction in the overall presence.

54. The civilian component of the mission would include the essential elements of a sizeable operation headed by a Special Representative of the Secretary-General. It is envisaged that the UNDP Resident Representative/United Nations Resident Coordinator would be appointed as the Deputy Special Representative of the Secretary-General. They will be supported by a small political office. There should also be a legal adviser's office, a gender focal point, an office of public affairs and an office of administration. The mission should also retain a liaison office in Jakarta. It is my conviction that an effective human rights component should be an essential part of the mission. It is likely that an electoral assistance component will be required.

55. Despite considerable progress in the recruitment of Timorese civil servants, most of them will have been in place, at independence, for only 6 to 12 months, and the systems they work with will still be new and fragile. Many new staff members have been recruited at a level where they have good potential to fulfil their responsibilities, but will need to continue to receive training and support to do so confidently. It will therefore be necessary to maintain within the mission a small team of professionals in various fields, to continue the work of Timorization and skills transfer. These officers would provide the Timorese authorities with assistance in areas that are absolutely critical to effective government, such as executive and central management, financial resource management, justice and human rights and security as well as areas of national sovereignty, such as border control. It is anticipated that these functions will not be required for longer than two years, and the majority for shorter periods. UNDP has already succeeded in identifying the needs of the immediate post-independence period in a detailed report on capacity building of governance and public-sector management presented at the Canberra Donor Conference in June 2001. UNTAET is completing an assessment of the total skills package that will be available from all donor sources, to keep to an absolute minimum the number of staff needed within the new mission. In the post-election period, it will be essential to have a detailed dialogue with the East Timorese on this process, not only in terms of the number of experts involved but also to develop mutually acceptable and effective mechanisms for the recruitment and management of this component of the mission. An innovative approach will be required in these areas.

56. Without prejudice to ongoing planning, it is estimated that ETTA staff funded from assessed contributions who advise ETTA will be reduced by approximately 35 per cent by the end of October 2001. By the end of the current mandate, it should be possible to eliminate about 75 per cent of the international civilian staff of ETTA, and up to 20 per cent of the international civilian staff now working in the UNTAET administration. My Special Representative intends to provide details of this downsizing in the context of the budget discussions that will take place later in the year, and will be reported to the Security Council in October 2001.

57. The development and training of the East Timor Police Service is proceeding in accordance with a phased plan that provides for the achievement of its full strength of 3,000 by the end of April 2003. Until that time, when all 3,000 East Timorese police officers are fully trained and able to take on normal policing

functions, a United Nations civilian police presence will be required. The latter's role will continue to be one of executive policing, gradually shifting to one of mentoring and monitoring, as the East Timorese police assume increased responsibility for public security functions. Subject to further review, it is envisaged that, while the United Nations civilian police will be reduced, it should maintain a substantial strength until the East Timorese police are fully trained and deployed.

58. As mentioned earlier, there is continuing concern about security in East Timor. Infiltration by militia groups remains at a relatively low level but, as long as they have not been disbanded by the Government of Indonesia, they will continue to pose a threat to both the internal stability of East Timor and the well-being and security of refugees remaining in West Timor. There will thus be a need for a United Nations force to continue, in close coordination with the Government of East Timor, to maintain a secure environment, with a particular emphasis on a robust presence in the border areas. Accordingly, a strong combat force should be deployed at its current level in East Timor's border regions and in the Oecussi enclave. In the eastern sector, the number of infantry battalions could be reduced from three to one, provided the security situation remains stable. Subsequently, a similar reduction could take place in the central sector, bearing in mind its more complex security profile.

59. The peacekeeping force should be highly mobile, with the ability to counter any external threat and provide security support at any trouble spot inside the country. Sufficient troop-carrying capacity, engineer, aviation and communications resources to maintain a high level of tactical mobility in the border regions and to other parts of the country would be necessary, as well as appropriate logistic support. Once the conditions are met for withdrawal from the central and eastern sectors, engineer support would then be reduced to half its current level. Streamlining of other areas of support would allow further reductions in personnel within force units and headquarters. The military observer group would also be reduced from its current size, and its focus would be on the border regions.

60. The security situation will be kept under constant review, and I shall inform the Security Council accordingly. I intend to make further recommendations on the size of the police and military components in a later report to the Council, in line with the security and threat assessment conducted after the elections.

VII. Financial matters

61. The General Assembly, in its resolution 55/228 B of 14 June 2001, authorized the Secretary-General to enter into commitments in an amount not exceeding $282 million gross for the period from 1 July to 31 December 2001. Should the Security Council decide to extend the mandate of UNTAET, the cost of maintaining UNTAET would first be met within this initial level of resources approved by the Assembly. The proposed budget for UNTAET for the full 12-month period from 1 July 2001 to 30 June 2002 is currently under preparation and will be submitted to the General Assembly at its fifty-sixth session. As at 30 June 2001, unpaid assessments to the Special Account for UNTAET for the period since its inception on 1 December 1999 amount to $262.6 million. The total outstanding assessed contributions for all peacekeeping operations amounted to $2,274.4 million.

VIII. Conclusions

62. The past six months have been a most productive period, during which the East Timorese people, in partnership with the United Nations, but increasingly on their own, have made broad advances on the path to independence and self-government. While a number of serious incidents have occurred, the overall security situation in East Timor has been stable. Meanwhile, UNTAET is making sure that the election for the Constituent Assembly to prepare a constitution for an independent and democratic East Timor is free, fair and orderly.

63. The district-level public hearings of the past two months, in which thousands took part, were an extraordinary expression of popular participation in the political process of East Timor. It is clear that the debate on the future Constitution is drawing intense interest from broad segments of the population. The East Timorese leaders have acted with great responsibility to promote peace, tolerance and mutual respect, as reflected in their pact of national unity. This augurs well for East Timor's future. Of course, many difficulties and challenges lie ahead for this fledgling nation. A key task is the establishment of effective

administrative institutions that are fiscally sustainable. It will be essential to stay a steady course, to ensure the smooth formation of the Constituent Assembly and the new Cabinet and to maintain a peaceful environment for the debate over the first constitution of East Timor and the transition to independence.

64. As East Timor goes through this critical phase of the transition period, the United Nations will continue to refine plans for the successor mission of UNTAET, on the basis of the concept of operations outlined above, but in keeping with a flexible approach that would take into account the evolving situation on the ground. I intend to closely follow the developments in the coming months, and to revert to the Security Council with a further report towards the end of October 2001, when the elections will have been held, the Constituent Assembly and the restructured Cabinet will have been formed and will be fully engaged in their work, and a clearer picture of future requirements will have emerged.

Annex

Key benchmarks: expected achievements by end of reporting quarter[a]

Table 1

	Political affairs	Administrative handover	Defence force	Foreign affairs	Law and order
December 2000		✓ Training plans completed by department • Options paper to address supply/procurement issues 80% Review/revision of departmental organigrams and staffing plans *(currently at 95%)* ✓ Review/revision of recruitment process and criteria ✓ Recruitment process for all director-generals and >35% of level 5-7 process initiated	✗ Selection of personnel and coordination of overseas training opportunities decided *(achieved in April)*	• Foreign Affairs Department staffed at 50% ✓ Organigrams and structures in place	✓ 250 trained local police ✓ Phase 1 of *Integration Plan* completed – *Restructure of CIVPOL* ✓ Dili, Baucau and Oecussi District Courts fully operational 60% Becora, Gleno and Baucau Prisons fully operational *(achieved)*
Jan	*Workshops to agree detailed implementation strategies held in all sectors*				
March 2001	✓ Endorsement by the National Council, and approval by the Transitional Administrator of a Regulation on the election of a Constituent Assembly ✓ Announcement by the Transitional Administrator of 30 August as Election Day for a Constituent Assembly ✓ Selection of candidates and establishment of the Independent Electoral Commission and formal establishment of an Electoral management body ✓ Start of nationwide civil registration, leading to publication of an electoral roll • Agreement on nationwide campaign of civic education developed in conjunction with local NGOs ✓ Decision by the National Council and/or Cabinet of a directive or regulation on the establishment of constitutional commission(s)	✗ >85% of directors-general recruited *(currently 77%)* • >60% of level 5-7 recruited, exception of school principals and chief nurses ✗ *Lei Organica* Admin. Law *(not achieved)* ✗ *Lei da Função Publica* Public service act *(partially achieved)* • >20% capital budget and >40% goods and services budget disbursed by dept. ✗ Plan for systems and data handover completed • Review of salary and grading scale completed ✓ Anti-corruption strategy	✓ Selection of personnel and coordination of overseas training opportunities decided ✓ Legislation establishing the defence force and the reinsertion framework introduced ✓ Ex-combatant reinsertion framework introduced	✓ Foreign Affairs Department fully staffed ✓ Inter-departmental and inter-service mechanisms in place to deal with continued border relationships with Indonesia and Australia 20% Development of a framework for consular affairs services *(partially achieved)*	✓ Total of 500 trained local police ✗ Phase 2 of *Integration Plan* executed. *Pilot Village Police Posts (not achieved)* ✓ Suai Court operational ✗ Criminal registry introduced *(not achieved)* ✗ Notary service introduced *(not achieved)*
May	*Comprehensive review of sectoral plans, including progress against targets and modifications of targets undertaken*				

	Political affairs	Administrative handover	Defence force	Foreign affairs	Law and order
June 2001	✓ Commissioners are sworn in collectively by the Transitional Administrator ✓ Nationwide campaign of public education on basic constitutional themes and issues (to 15 May) ✓ Independent Electoral Commission holds first sessions ✓ Civic education programmes delivered at the grassroots by East Timorese trainers ✓ Political party agents recruited and trained ✓ Civil registration concluded (20 June) Electoral roll produced[b] ✓ Voter and electoral system information campaigns launched ✓ District-level electoral staff recruited	✓ >90% of level 5-7 recruited ✗ >70% of positions with statutorily established authority held by East Timorese ✎ >40% of training days delivered against plan ✓ >60% capital budget and ✓ >80% goods and services budget disbursed by dept ✗ Agreed performance management system introduced for 2001-02	✓ 600 soldiers recruited ✓ Reinsertion programme fully operational	✓ Fully functioning Department of Foreign Affairs ✓ Proposal for foreign representation brought forward in budget context ✓ Continuation of intensive diplomatic training for all staff	✓ Total of 800 trained local police ✗ Phase 3 of the *Integration Plan: Extension of village posts to remaining districts* ✎ Completion of the *needs analysis study* to guide development of the *Integration Plan* ✎ Law Reform Commission established
September 2001	Finalization of party slates of candidates and lists of independent candidates Official start of a six-week electoral campaign (15 July). Completion of draft report to the Constituent Assembly Final voters roll (12 August). Recruitment and training of vote counting staff. End of the electoral campaign (25 August). Election Day (30 August). Counting of votes and compilation of results (to 6 September). Announcement of certified results (9 September). Seating of 88-member Constituent Assembly (15 September).	>90% of level 1-4 recruited. >90% of positions with statutorily established authority held by East Timorese. Reductions in international staff as per plans. >65% of training days delivered against plan. Capital and goods and services spending within 10% of central fiscal authority estimates. Performance management system introduced for 2001-02. Options paper on alternative civil service structures and costs.		Identification and prioritization of international instruments to which East Timor should accede	Total of 1,050 trained police. This includes some 400 ex-police, thereby providing the force with experience.

	Political affairs	Administrative handover	Defence force	Foreign affairs	Law and order
		Post-UNTAET presence in place. 100% of training days delivered against plan. Training plans for 2002 by dept. Capital/goods and services spending within 10% of central fiscal authority estimates. Develop an accreditation system for professional training courses and on the job experience.[a]	600 soldiers recruited and trained.	Plans for exchange of diplomatic relations with key countries finalized. Plans for membership in the United Nations finalized.	Total of 1,200 local trained police. Final target is 3,000. Phase 4 of the *Integration Plan*: *"Half-way"—identification of locations for 221 village police posts.* Ministry of Justice to be fully staffed by East Timorese.

Key: ✓ Achieved or expected to be achieved by 30 June 2001.
% Partially achieved (percentage indicated where possible).
✗ Not achieved.
• Achieved in subsequent quarter.

[a] Where the benchmark was not achieved by the end of the quarter for which it was set, an update of its status at end-June has been indicated in parentheses and italics. All June benchmarks represent projected outcome.

[b] The electoral roll, which is derived from the civil registration data, is scheduled to be produced in early July.

Table 2

	Public finances	Agriculture/economy	Health	Education	Infrastructure
December 2000	✗ Budget spending running at least 50% of estimates *(overtaken)* ✓ Customs and excise rates modified and in place ✓ Wages income tax in place ✓ Budget review completed and appropriations legislation approved by Cabinet and National Council	✓ Rice and maize production at 70% (120,000 MT) of 1997 levels • Buffalo and cattle vaccination completed ✓ Hand-tool distribution benefiting 4,000 families completed • 5,000 hectares of irrigation areas recovered (including 45 community schemes) • Ministry of Agriculture operational and all staff recruited	✓ Selected essential drugs and medical supplies to last 6 months ✓ Two rounds of National Immunization days (polio and Vitamin A) completed ✓ Sites agreed and design under way for 25 priority health centres ✓ Policy papers on health financing and role of the private sector ✓ National Centre for Health Education and Training (NCHET) operating in temporary site	• 300 schools at basic operational level ✓ > 80% of books received distributed ✓ 500 scholarships under way ✓ Application procedures for new teachers publicized	✓ Agreement with Education on establishment of Dili Polytechnic ✓ 6 minor Dili public buildings completed ✓ Completion of five backlog maintenance contracts for 260 km of major link roads ✓ List of major local and international contractors for road maintenance established ✓ Extensions completed on Dili wharf • Metering and billing for 3,000 customers ✗ Power authority – metering and billing of large (3 phase) commercial users in place
Jan	*Workshops to agree detailed implementation strategies held in all sectors*				
March 2001	100% Budget spending running at least 60% of estimates *(overtaken)* ✓ Third quarter update completed by mid-April 50% Timorese counterparts in place for senior central fiscal authority positions, or agreement on need for continuing post-UNTAET presence in line positions in central fiscal authority *(partially achieved)*	✓ Buffalo and cattle vaccination completed ✓ District agriculture offices fully functional (buildings, staff, equipment, transport) ✗ 3-5 Pilot Agriculture Service Centres established *(not achieved)* ✗ Quarantine regulations and other standards for animal and plant products issued *(not achieved)* ✓ Joint donors sectoral review ✓ Private sector credit line operational ✗ Commercial legal framework adopted *(not achieved)* 60% Framework study for 9,000 ha of major irrigation works completed *(achieved, only 2,999 ha were found viable)* ✓ Landuse mapping and GIS information started	• Health administration recruitment completed and line authority transferred ✓ More than 40% of health facilities selected in district health plans appropriately utilized 80% 30% of children under 1 immunized *(partially achieved)* 50% Hospital needs and capacity assessment completed *(partially achieved)* 50% Strategic plans for prevention and control of malaria, tuberculosis, sexually transmitted disease(s)/ HIV/AIDS developed and circulated *(partially achieved)* ✓ Stakeholder consultations on key policy options papers	✗ National vision and mission statement publicized *(not achieved)* 75% 600 schools at basic operational level *(partially achieved)* 75% Furniture for 40,000 students produced and delivered *(75% achieved)* ✓ Recruitment of 1,000 teachers ✓ 1,000 scholarships under way ✓ University rehabilitated and re-opened, limited faculties 50% Input consultancies for policy and curriculum contracted *(partially achieved)* 50% Educational administrative processes defined *(partially achieved)*	✓ Establishment of 4 infrastructure regional offices ✓ 25 third-phase road maintenance contracts awarded • Medium- to long-term business plans drafted for aviation, ports, roads and water ✓ Compliance with international safety standards for Dili and Baucau airports ✓ Maximum of 18 vessels delayed at port ✓ 1 Comoro power station generating set overhauled. ✗ Paper on establishing autonomous authority 28 Feb. *(achieved)* ✓ Land and property dispute resolution training programme designed ✓ 13 district land and property offices established and equipped 50% Rental policy and administrative procedures in place *(achieved)* ✗ Abandoned buildings and unauthorized occupations policy in place *(not achieved)*

	Public finances	Agriculture/economy	Health	Education	Infrastructure
May	*Comprehensive review of sectoral plans, including progress against targets and modifications of targets undertaken*				
June 2001	∞ Budget spending running at least 90% of estimates ✓ 2001-02 budget agreed with financing requirement identified ✓ Revenue estimates and five-year financing requirement identified and agreed with international financial institutions ✎ Plan to develop revenue forecasting capacity, including macroeconomic forecasting capacity ✎ Options on tax rates and exemptions presented to Cabinet and National Council (as part of budget) in order to meet revenue targets	✎ Agriculture policy options paper finalized and circulated ✗ 70% of chickens and pigs vaccinated ✎ Baseline surveys and inventories completed ✗ Agricultural credit programme under way ✗ 30 research and extension staff trained ✓ Coffee technology and hortifruit centre operational ✓ Fish hatcheries completed ✓ Second phase of boat building training completed ✓ Second phase of fish attraction devices completed	✎ 150 health posts established with equipment to provide basic primary health care in accordance with district health-care plans ✎ Evaluation of district health plan implementation ✎ Ongoing refresher and upgrade training of health workers at NCHET ✎ Design of regional hospitals completed ✎ Post-independence policy options paper finalized and circulated ✓ Joint donors review completed	✎ Strategic policy options paper completed ✎ 780 of schools at basic operational level ∞✎ Ministry of Education building rehabilitated and equipped ✎ District educational offices operational ✎ Training of personnel in education administration and management ✎ School mapping study completed ✓ Joint donor review completed ✓ Release of national emergency curriculum for discussion	✓ Establishment of community-based road maintenance contracts covering the core road network (300 km) ✎ Independent Power Authority legally established from 1 July ✎ Plan for rural power station rehabilitation finalized ✓ Final business plans for aviation, ports, roads and water, including proposed service standards appropriate to budget standards of an independent East Timor ✎ 13 community management arrangements formalized and operating satisfactorily for water supply and sanitation ✓ Maximum of 7 vessels delayed at port ✓ Joint donors review completed ✓ Land and property administrative systems and manuals in place for all sections ✓ Land and property administrations operating effectively in all districts ✎ Collection and collation of available registry documents 100% completed ✓ Land allocation database operational

	Public finances	Agriculture/economy	Health	Education	Infrastructure
September 2001	2000-01 final budget outcome prepared. Revenue collection for Q3 and Q4 of 2000-01 within 80% of estimate. Monthly disbursement estimates produced, disbursement figures within 90% of estimates. Monthly profiles of revenue collection (i.e., cash basis) prepared. If Timorese counterparts not appointed in March 2001, review of the status regarding post-UNTAET presence.	Agriculture policy options paper discussed with stakeholders. action plan finalized. Chicken and livestock restoration programme benefiting 27,000 families completed. Rehabilitation of major irrigation areas under way. 100% of exported coffee certified organic.	More than 90% of health facilities with less than 2 weeks of stock out of selected essential drugs over a three-month period. 90% of villages within 2 hours of a permanent source of health care. 60% of children under 1 immunized. Autonomous medical store established and operating.	School mapping exercise finalized. School construction programme started. Stakeholder consultations on policy options held. In-service teacher training programme design.	Establishment of community-based road maintenance contracts covering the core road network (1,200 km). 2 Comoro power station generating sets overhauled. Plan for rural power stations implemented. 26 towns with piped water supply. 26 community management arrangements in place. Completion of 3 district works depots. Maximum 4 vessels delayed at port. Property identifier developed for Dili. Cadastral maps for Baucau and base maps for 4 district towns completed. All available GIS data collected. All rents being collected on time.
December 2001	Revenue collection for Q1 2001-02 within 90% of aggregate total. Disbursement figures 90% of estimates. First quarter budget update completed (by end-October). Macroeconomic forecasts for 2001-02, 2002-03 updated and agreed with International Monetary Fund. Revised set of tax rate options presented to Government, updated for national accounts and any distributional information.	Rice and maize production at 80-120% of 1997 levels. 5,000 hectares of small and major irrigation area recovered. Hydraulic study and design for 5,000 hectares of large irrigation schemes completed. 8 Pilot Agriculture Service Centres operational. Agriculture research programme operational and master plan for agriculture completed.	East Timorese management of autonomous medical store. Central Division of Health Services functioning with minimal external advisers. Regional hospitals and further health centres under construction. 25 health centres constructed.	> 90% primary gross enrolment rate. > 40% secondary/technical gross enrolment rate. > 90% of schools received materials before start of school year. Law on basic schooling and national education system drafted. Framework for cooperation between public and private schools.	Completion of backlog maintenance over the entire network. 3 district office buildings. 26 towns with piped water supply. 52 community management arrangements for Watsan in place. Building regulations and standards in place. Government account payment and Giro banking facilities established through the Post Office. Maximum of 2 vessels delayed at port. Base maps produced for remainder of district towns. GIS fully functional. Cadastral overlay maps for all towns.

Key:
- ✓ Achieved or expected to be achieved by 30 June 2001.
- % Partially achieved (percentage indicated where possible).
- ✗ Not achieved.
- • Achieved in subsequent quarter.

Note: Where the benchmark was not achieved by the end of the quarter for which it was set, an update of its status at end-June has been indicated in parentheses and italics. All June benchmarks represent projected outcome.

United Nations S/2001/720

Security Council

Distr.: General
23 July 2001

Original: English

Letter dated 17 July 2001 from the Chargé d'affaires a.i. of the Permanent Mission of Italy to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the final document of the meeting of the Minister for Foreign Affairs of the States members of the Central European Initiative, held at Milan, Italy, on 22 June 2001 (see annex).

I should be grateful if you would have the text of this letter and its annex circulated as a document of the Security Council.

(*Signed*) Pier Benedetto **Francese**
Chargé d'affaires a.i.

01-46496 (E) 240701

Annex to the letter dated 17 July 2001 from the Chargé d'affaires a.i. of the Permanent Mission of Italy to the United Nations addressed to the Secretary-General

Meeting of the Ministers for Foreign Affairs of the States members of the Central European Initiative

(Milan, 22 June 2001)

Final document

1. The Ministers for Foreign Affairs of the Member States of the Central European Initiative (CEI) held their annual meeting in Milan on 22 June 2001. The meeting was chaired by H.E. Renato Ruggiero, Minister of Foreign Affairs of the Republic of Italy which holds the CEI Presidency for the current year.

2. The meeting was attended by the Ministers for Foreign Affairs or their representatives of Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Italy, Macedonia, Moldova, Poland, Romania, the Slovak Republic, Slovenia, Ukraine and the Federal Republic of Yugoslavia. Representatives of the Council of Europe, the United Nations Economic Commission for Europe, the OECD, the OSCE, AII, BSEC, the Danube Commission, SEECP and SECI attended the meeting in their capacity as special guests. The meeting was also attended by the representative of the Parliamentary Assembly of the CEI and by the Director General of the CEI Executive Secretariat.

3. The Ministers discussed the present situation in the region and its political and economic developments, reaffirming the role of the CEI as an essential instrument of cooperation and stability and its contribution to the consolidation of the democratic, political, economic and social structures in member countries, through the implementation of the CEI strategy and practical activities.

4. They reiterated their will to foster and ensure peace and stability through enhanced cooperation among all CEI countries and by supporting the efforts of the international community in the region. They reaffirmed their support for the CEI function, through cooperation in all fields, of avoiding new dividing lines in Europe. In this context they confirmed their support for the European Union's policy of accompanying the process of its enlargement with the establishment of special relationships for association and stabilization or other forms of special relations.

Political cooperation

5. The Ministers stressed the need to respect the sovereignty and territorial integrity of all countries in the region and to ensure security in the region not only through the guarantee of border inviolability but also in the broader meaning of assuring sustainable development of the countries of this part of the European continent.

6. The Ministers expressed their serious concern for the threats to the sovereignty and territorial integrity of Macedonia in recent months by ethnic Albanian extremist groups, strongly condemning their terrorist acts and armed violence and calling on these groups to stop their actions, to release the hostages, to lay down their weapons and to withdraw immediately from the occupied areas.

They reaffirmed the full support of the CEI to the sovereignty, territorial integrity and inviolability of the borders of the country and the efforts of the new national unity Macedonian Government to end further violence. They welcomed the formation of this Government as a means to address the need for specific reforms as soon as possible and stressed that it is essential to continue to respond to violence only with an appropriate use of force and to continue doing everything possible to avoid civilian casualties. At the same time the Ministers emphasized that it is the acts of the ethnic Albanian extremists that have placed civilians in danger. They also welcomed the mechanism established for the political dialogue under the auspices of President Trajkovski offering possibilities to find solutions aiming at consolidation of inter-ethnic relations and better future of all citizens.

They reiterated the importance of the continuous support provided by the international community and in particular from the countries of the region for isolating those extremist groups and preventing financial, logistic and other kinds of support given to them. In this context, the Ministers stressed the importance of the responsible role played by Tirana in this crisis and encouraged it to continue in this direction. At the same time, they urged all ethnic Albanian leaders, including in Kosovo, Federal Republic of Yugoslavia, to condemn unambiguously terrorist acts and use their influence to re-establish peace and security.

7. On southern Serbia (Federal Republic of Yugoslavia) the Ministers welcomed the return of Federal Republic of Yugoslavia/Serbian forces into the Ground Safety Zone and emphasized the need to continue implementation of confidence-building measures on the basis of the Federal Republic of Yugoslavia and Serbian Government Plan. They expressed the importance for the representatives of the ethnic Albanians and for the Serbian Government to continue the political dialogue.

8. With a view to the full implementation of Security Council resolution 1244 (1999) the Ministers welcomed the efforts of the international community and the Special Representative of the Secretary-General and Head of UNMIK to restore the multiethnic society and ensure all the necessary conditions for elections in cooperation with OSCE/ODHIR in Kosovo, Federal Republic of Yugoslavia, to be held on 17 November 2001.

The participation of all communities in the elections, the return of refugees and the participation of refugees and displaced persons should be encouraged.

9. The Ministers welcomed the orderly manner in which parliamentary elections in Montenegro, Federal Republic of Yugoslavia, were held. In the light of the results of these elections they called for the early resumption of dialogue between the federal and republican authorities, excluding unilateral actions, with a view to a redefinition of the constitutional arrangements within an overall federal framework, in accordance with democratic principles and under conditions that will enhance the regional stability.

10. The Ministers supported the efforts undertaken by the Moldovan authorities, OSCE and mediating States towards finding a complete settlement to the Transnistrian conflict through the elaborating of a special status for the Transnistrian region, based on the sovereignty and territorial integrity of the Republic of Moldova.

They underlined the importance of respecting the provisions of the Istanbul Summit documents on the withdrawal of Russian troops from the territory of Moldova.

11. The Ministers reiterate their support for a democratic development in Belarus. In connection with the forthcoming presidential elections they took note of the publicly expressed intention of the authorities of Belarus to guarantee free and fair elections in accordance with international standards.

They stressed that the organization of internationally recognizable free and fair elections in full compliance with the standards and instruments of OSCE Copenhagen documents of June 1990 would represent an important step towards the integration of Belarus in the European processes.

The Ministers stressed the need of continuing cooperation between the Belarusian authorities and the OSCE and its Advisory and Monitoring Group working within its mandate.

12. The Ministers supported the request for the earliest possible accession of Bosnia and Herzegovina and of the Federal Republic of Yugoslavia to the Council of Europe as soon as the appropriate conditions are met.

13. The Ministers expressed their support for the full implementation of the Dayton Peace Agreement and for the efforts of the High Representative and the international institutions to that end.

Regional cooperation

14. The Ministers stressed the continuing need for international community assistance towards the stabilization of the region in peace and security as well as towards the strengthening of democratic institutions, market economies and adequate social protection structures aimed at preventing or overcoming situations of poverty and the attendant evils of despair, crime and overall citizens' insecurity which may in turn foster tensions and conflicts at both the national and the international level.

15. The Ministers welcomed and reiterated their support for the continuing EU policy towards the CEI region and its member countries in transition. They welcomed in particular the Stabilization and Association Process and the related agreements respectively signed with Macedonia and initialled with Croatia, to be followed up, it is hoped, by agreements with other countries of the region. They also welcomed the crucial role played by the OSCE, the OECD and the Council of Europe in the region and expressed appreciation for consultations held with them by the CEI Troika and the Financial Committee with the aim of strengthening cooperation and synergies. They called for coordination with the Adriatic-Ionian Initiative, SECI and SEECP.

16. The Ministers reiterated their full support for the objectives of the Stability Pact for South-Eastern Europe, providing in particular the perspective of integration into the European mainstream and for the programmes undertaken in the areas of cooperation of the three Working Tables, which represent an important contribution to the promotion of democratic consolidation, stability, security as well as economic and social development in the region. The Ministers supported the efforts to

strengthen the Stability Pact's instruments of cooperation and concentration on priority-oriented action.

The Ministers expressed appreciation for the active participation of the CEI and its member countries in the Stability Pact programmes and, in this context, they reiterated their support for the application of the Republic of Moldova to be accepted as a beneficiary country. They also endorsed the interest shown by the Czech Republic, Poland and Slovakia to be recognized as participants of the Stability Pact. The Ministers expect that the Stability Pact Regional Table scheduled for 28 June will take the respective decisions.

17. They expressed their appreciation for the valuable contribution given to the work of the CEI by the Parliamentary Dimension of the Initiative and they took note of the Final Document adopted by the CEI Parliamentary Committee at its meeting in Rome on 9 March 2001.

CEI programmes and projects

18. The Ministers expressed their appreciation for the progress achieved in the application of the CEI strategy of cohesion and solidarity in its political, economic and cultural activities.

19. The Ministers noted with appreciation enhanced CEI cooperation in the fields of promoting sustainable social, economic and ecological development, infrastructure and private sector investment, SME development, transborder and interregional cooperation (such as the enhanced Szeged Process), human resource development, cultural as well as scientific and technological cooperation (such as the Italian-Slovenian transfrontier television project), including in the field of geodesy, combating organized crime, protection of minorities, women's entrepreneurship and youth affairs. They also expressed their appreciation for the many diverse initiatives and projects undertaken by member countries within the framework of the CEI strategy and Plan of Action.

20. The Ministers welcomed the efforts launched at the Rome Conference on CEI Cooperation (8 and 9 February 2001) to strengthen and streamline the CEI Working Group system in accordance with the amended CEI guidelines and rules of procedure. They also welcomed the contribution of the CEI Executive Secretariat in this process. The Ministers also welcomed the updating by the CEI-Executive Secretariat of the Status report on CEI working groups activities, which provides comprehensive information on the current and planned work undertaken in the framework of the CEI Working Groups.

21. The Ministers welcomed the results of the CEI Conference of Ministers of Justice (Trieste, 26 and 27 March 2001) which by adopting the Trieste Declaration on Judicial Cooperation and Legislative Harmonization launched a programme of particular importance for complementing the multilateral efforts of combating organized crime in the region.

They also welcomed the statement adopted by the CEI Ministers of Agriculture at their meeting in Verona on 12 April 2001 emphasizing their commitment to an agricultural policy oriented towards quality, food safety and environmental soundness.

22. The Ministers expressed their satisfaction for the progress made on several CEI projects and programmes. They noted the continued assistance given by the CEI to the wholesale markets programme and to the Business Advisory Services programme, and welcomed the new technical cooperation project for the Romanian railways. These projects are supported by the Secretariat for CEI Projects, using funds lodged by the Italian Government at the EBRD (CEI Fund).

They noted that the larger investment funds provided by the Bank for these projects and for similar projects in CEI countries are part of an investment strategy which has many points of contact with the CEI strategy.

23. They welcomed the new programme of CEI international events, workshops and training activities in Belarus, Croatia, the Czech Republic, Macedonia, Moldova, Slovenia and Ukraine, which will be co-financed by these countries and the CEI Fund at the EBRD. They noted the link between these programmes, the activities of some of the working groups, and the CEI Summit Economic Forum in Trieste in November, which has the general theme "growing together ... working together on project opportunities for shared socio-economic growth in CEI countries".

24. The Ministers expressed their conviction that the Summit Economic Forum will constitute an important occasion to strengthen the CEI action and capabilities in all the fields of interest to the sustainable development of member countries and of the cooperation among them.

The Ministers stressed the need for all CEI countries and structures to contribute to the success of this Forum by mobilizing their contacts in preparation for and during the Forum, to provide concrete opportunities for economic cooperation.

25. The Ministers agreed that the investment projects, the international events, and the Forum should continue to be supported by the CEI. They expressed their deep appreciation to Italy for its decision to replenish the CEI Fund at the EBRD by a further amount of almost Lit 10 billion (about 5 million euros).

26. The Ministers stressed the positive contribution of the United Nations Economic Commission for Europe to the identification, design and implementation of several technical cooperation projects and activities in the CEI countries.

27. The Ministers welcomed the signature on 23 February 2001 of the addendum to the Protocol for Scientific and Economic Cooperation established between CEI and ICS-UNIDO, covering the 2001 shared activities. In particular they took note with appreciation of the results obtained by the Regional Symposium on Sustainable Technological Development in the CEI Countries held in Belgrade from 9 to 19 May 2001. They encouraged the continuation of the related follow-up activities.

Decisions

28. The Ministers decided, in accordance with article 23, paragraph 3, of the CEI guidelines, and upon recommendation of the Committee of National Coordinators, to establish a CEI Cooperation Fund on the basis of the Member States' annual contributions and destined for facilitating the implementation of CEI programmes and projects. They approved the CEI Cooperation Fund Regulations.

29. The Ministers approved the establishment of the Working Group for Interregional and Cross-border Cooperation, co-chaired by Poland and Hungary, and the change of denomination of the Working Group on Reconstruction and Development, co-chaired by Croatia and Bosnia and Herzegovina.

The Ministers also welcomed and approved the transfer of the co-chairmanship of the Working Group on Information and Media from Austria to the Federal Republic of Yugoslavia.

The Ministers noted with appreciation the readiness of the Chair countries concerned to promote cooperation in the respective areas among CEI countries.

30. The Ministers mandated the CNC to elaborate the CEI Plan of Action 2002-2003 to be adopted by the CEI Summit in Trieste, taking into account, inter alia, the results of the Forli Conference establishing an academic CEI network and a set of concrete considerations for future cooperation priorities of the CEI.

* * *

31. The Ministers expressed their gratitude to the Government of the Republic of Italy for the excellent organization of the Meeting of the Ministers for Foreign Affairs of the CEI member States in Milan.

United Nations S/2001/721

Security Council

Distr.: General
23 July 2001

Original: English

Letter dated 20 July 2001 from the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait to the President of the Security Council

I have the honour to transmit herewith, for the attention of the members of the Security Council, a report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, pursuant to paragraph 6, subparagraph (f), of the guidelines to facilitate full international implementation of paragraphs 24, 25 and 27 of Council resolution 687 (1991) (see annex).

The report was approved by the Committee on 20 July 2001.

(*Signed*) Ole Peter **Kolby**
Chairman
Security Council Committee established by resolution 661 (1990)
concerning the situation between Iraq and Kuwait

01-46514 (E) 230701

Annex

Report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, pursuant to paragraph 6, subparagraph (f), of the guidelines to facilitate full international implementation of paragraphs 24, 25 and 27 of Council resolution 687 (1991)

1. The present report is submitted by the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, in accordance with paragraph 6, subparagraph (f), of the guidelines to facilitate full international implementation of paragraphs 24, 25 and 27 of Council resolution 687 (1991) of 3 April 1991 (S/22660, annex) approved by Council resolution 700 (1991) of 17 June 1991.

2. Under paragraph 6, subparagraph (f), of the guidelines, the Committee is required to report at 90-day intervals to the Security Council on the implementation of the arms and related sanctions against Iraq contained in the relevant resolutions of the Council. The present report is the forty-first report submitted under the above-mentioned guidelines.

3. By paragraph 12 of the guidelines, all States are requested to report to the Committee any information that may have come to their attention relating to possible violations by other States or foreign nationals of the arms and related sanctions against Iraq. During the period covered by this report, no information as requested by paragraph 12 has been brought to the attention of the Committee.

4. By paragraphs 13 and 15 of the guidelines, all States and international organizations are required to consult the Committee on the question whether certain items fall within the provisions of paragraph 24 of resolution 687 (1991), as well as in cases relating to dual-use or multiple-use items which are meant for civilian use but with potential for diversion or conversion to military use. During the period under review, the Committee has not been consulted by any State or international organization on questions related to dual-use or multi-use items.

5. By paragraph 14 of the guidelines, international organizations are requested to take all appropriate steps to assist in ensuring full compliance with the arms and related sanctions against Iraq, including providing to the Committee any information of this kind that may come to their attention. During the period of this report, no such information as requested by paragraph 14 of the guidelines has been brought to the attention of the Committee.

6. The Committee will continue its efforts to fulfil the mandate entrusted to it by the Security Council. Since the last report of the Secretary-General, dated 4 December 1991, on the implementation of paragraph 4 of Council resolution 700 (1991) (S/22884/Add.2), no further communications have been received from Member States pursuant to paragraph 4 of Council resolution 700 (1991).

United Nations S/2001/722

Security Council

Distr.: General
23 July 2001

Original: English

Letter dated 23 July 2001 from the President of the Security Council to the Secretary-General

Members of the Security Council have carefully reviewed your letter dated 12 July 2001 (S/2001/693) in which you detail plans to move forward with establishment of a Special Court for Sierra Leone, including the creation of a Trust Fund for donor contributions to the Special Court; the dispatching of a planning mission to Freetown to assess personnel and service needs; and the conclusion of an agreement between the United Nations and the Government of Sierra Leone to establish a legal framework for commencement of the Special Court's operation.

Members of the Security Council welcome these developments as a positive step forward in bringing justice to the people of Sierra Leone. Members of the Council support the process of regular informal consultations between the Secretariat and a group of interested States to continue planning for the establishment and operation of the Special Court. Members of the Council intend to use their best efforts to encourage donor States that have pledged support to expedite the transfer of funds to the trust account within the prescribed time frame indicated in your letter or shortly thereafter.

(*Signed*) **Wang** Yingfan
President of the Security Council

01-46528 (E) 230701

United Nations S/2001/723

Security Council

Distr.: General
24 July 2001

Original: English

Letter dated 20 July 2001 from the Secretary-General to the President of the Security Council

I have the honour to transmit to you herewith a letter dated 18 July 2001 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General (see annex).

I should be grateful if you would bring the present letter to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

01-46782 (E) 260701

Annex

Letter dated 18 July 2001 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General

I have the honour to transmit to you the nineteenth report on the activities of the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina (see enclosure). I would appreciate your making this report available to the Security Council.

I look forward very much to addressing the Security Council in September and to seeing you in the very near future to discuss the current situation in Bosnia and Herzegovina.

(*Signed*) Wolfgang **Petritsch**

Enclosure

Report by the High Representative for the Implementation of the Peace Agreement to the Secretary-General

24 February 2001-11 June 2001

Pursuant to Security Council resolution 1031 (1995) of 15 December 1995, in which the Council requested the Secretary-General to submit reports from the High Representative in accordance with annex 10 of the Peace Agreement and the Conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present the nineteenth report to the Council.

The report covers the activities of the Office of the High Representative and developments in Bosnia and Herzegovina during the period from 24 February 2001 to 11 June 2001.

SUMMARY

In the reporting period, my priority has been to accelerate peace implementation in the three key strategic areas identified by the Peace Implementation Council (PIC) in May 2000: economic reform, refugee return and the consolidation of the State institutions. Special attention has been directed at tackling the Croat nationalist challenge to the constitutional order and to the worrying situation in RS, as well as at the implementation of the crucial decision of the BiH Constitutional Court commonly known as the "Constituent Peoples Case".

1. The new non-nationalistic authorities at the State and Federation level, as well as the IC, faced serious challenges from the forces that dominated BiH life in the last 10 years:

- On 3 March, the HDZ –which had been ousted from power by the "Alliance for Changes" after the November elections- proclaimed the so-called "Croat Self-Rule". Four days later I decided to remove Mr. Jclavic -Croat member of the BiH Presidency and HDZ President- from his positions, as he personally led this serious violation of the constitutional order. On 6 April, I appointed a Provisional Administrator for the Hercegovacka Bank, which acted as the financial backbone of the HDZ-led illegal parallel structures. The new Federation authorities successfully thwarted the HDZ efforts to disrupt the Federation Government, especially on financial and military matters. I have made it clear to the HDZ that they can always return to those institutions they had left, but that the IC will never compromise on BiH's constitutional principles.
- The Alliance-led Council of Ministers (CoM) faced constant obstruction from Republika Srpska (RS) authorities. I have demanded the latter to change their attitude; only in this way the RS's viability will be guaranteed. Moreover, the attempts in May to lay foundation stones of mosques in Banja Luka and Trebinje –demolished by Serb extremists during the war- were disrupted by serious Serb nationalistic violence. Following my demand to the RS authorities to take swift measures conducing to reconciliation and reform within the RS society, they publicly apologized for the violence, the RS Interior Ministry's leadership was replaced and a multi-ethnic Reform and Reconciliation Committee was established under the auspices of the RS President.

2. On 5 March RS and FRY signed an agreement on Special Parallel Relations (SPR), as provided for in the General Framework Agreement for Peace (GFAP). I ensured that the agreement's text and spirit fully respect BiH's sovereignty and territorial integrity. My Office has a supervisory role in the agreement's implementation and will be involved in the drafting of its annexes
3. The Communications Regulatory Agency (CRA) –merging IMC and TRA- started to work in March. The CRA is a state-level regulator for the media and the telecommunications sectors.
4. The Independent Judicial Commission (IJC) - successor to UNMIBH's JSAP and tasked with overseeing reform of the BiH judiciary – had significantly increased its staffing by the end of April, including deployment of its field teams.
5. Following my Decision in February imposing binding arbitration over the delineation of the Inter Entity Boundary Line (IEBL) in Dobrinja (a Sarajevo suburb), the special Arbitrator issued his Award on 24 April. Its implementation has been carried out satisfactorily.
6. On 7 May Radio PBS (Public Broadcasting Service) started broadcasts for the whole of BiH. For the first time since the disintegration of the former Yugoslavia, BiH has a statewide broadcasting capability
7. Following the BiH Constitutional Court's decision on the "Constituent Peoples Case", the process of constitutional reform progressed steadily in both Entities. These constitutional changes will have a decisive impact on the future outlook of BiH's social and political life.
8. Under my separate mandate for the succession of the Socialist Federal Republic of Yugoslavia (SFRY), I mediated the final round of the negotiations in Vienna, together with the Special Negotiator, Sir Arthur Watts. On 25 May, the five successor states initialed an agreement that provided for the distribution of its rights, obligations, assets and liabilities.

I. POLITICAL ISSUES

1. State Institutions

1. On 27 March the BiH House of Representatives (HoR) elected Beriz Belkic (SBiH) and Jozo Krizanovic (SDP) as the Bosniak and Croat members of the BiH Presidency respectively. The House of Peoples (HoP) confirmed this election on 30 March.

2. Following its formation on 22 February, the new CoM, under the chairmanship of Mr. Bozidar Matic, began working in an efficient manner. The CoM adopted its Work Programme in March and has made some progress in its implementation since. However, legislative activities and the implementation process are regularly challenged and obstructed by RS authorities, on the grounds that the CoM's legislative agenda invades the RS competencies. I have demanded the RS authorities to clarify their objections constructively and cooperate with CoM, for the benefit of RS's viability and BiH's normalization, especially in view of its participation in the European integration processes.

3. In order to ensure the effective functioning of the State institutions, the new State authorities and my Office have started investigating various other means of financing the State Budget, as it is currently almost entirely dependent on contributions from the Entities. We expect to find independent sources of income for the State in the

nearby future, and will work to this end in close cooperation with local authorities and international financial institutions.

4. Progress in the BiH Parliamentary Assembly, however, has been less satisfactory. The Alliance, a fragile coalition with a very tight majority of 22 out of 42 delegates in the HoR, is proving increasingly difficult to hold together. The BiH Parliamentary Assembly has not passed any new legislation of major importance to date. One positive development is that the HDZ delegates in the HoR, after a boycott of State institutions that lasted several months, are pursuing their goals from their elected seats once again. They have been especially active during the debate over the BiH's Election Law.

2. The Entities and Brcko

a) Republika Srpska (RS)

5. Since February, several positive developments have occurred in the RS. Prime Minister Ivanic managed to stabilize the social-economic situation, by increasing the efficiency of tax collection and, to some degree, improving fiscal discipline. Important progress on constitutional changes was made in April as the re-shaped Constitutional Commission agreed on draft amendments to the RS Constitution.

6. On the negative side, the effort to reconstruct religious sites demolished during the last war was set back when mosque cornerstone laying ceremonies in Trebinje and Banja Luka were disrupted in May by violent protests (which resulted in one death and several injuries) and had to be postponed. Following these events, my goal has been to ensure that the RS handles the fallout from these crises in a robust and comprehensive manner. I immediately demanded an investigation into the violence; immediate changes of leadership in the Ministry of Interior; public condemnation and an apology by top RS officials; repetition of the ceremonies and the establishment of a multi-ethnic Reform and Reconciliation Committee under the auspices of the RS President. Even though they have complied with most of these demands, I am following closely the RS authorities' performance on all these issues.

7. The agreement on SPR between RS and the Federal Republic of Yugoslavia (FRY) was signed on 5 March and ratified on 7 June. Although the concept of "special" relations between an Entity and a neighboring country is an outdated concept, such an agreement is a right of the Entities, in conformity with the GFAP. The strong reference to the GFAP and to the BiH Constitution in the preamble of the agreement is the basis for subsequent annexes, which will elaborate the scope of the co-operation.

8. Some Bosniac and Croat members of the RS Constitutional Commission opposed the ratification of the agreement on SPR claiming that it violated their vital national interest. In their opinion, an agreement between BiH and FRY was required and not one between the RS and FRY, which –they believed- violates the BiH Constitution. In my official response to their claim, I stated that the contents of the agreement did

not violate their national interests and that it was in complete conformity with the BiH Constitution.

9. In the text of the agreement, my Office has been guaranteed a supervisory/ monitoring role and will be involved in the drafting of the annexes. However, I attach crucial importance to more intensive state-to-state relations. Some of the problems which are important for the RS and its residents can only be solved at the State level (citizenship, border regime, etc) and not at the Entity level.

b) Federation

10. Nearly four months after the November 2000 elections, the Federation of BiH got its first non-nationalist government on 12 March. It was formed by the "Alliance for Changes". However, this new Government was challenged by the HDZ leadership and the so-called 'Croat National Assembly (HNS),' which on 3 March voted to establish an unconstitutional 'Croat self-rule in BiH'. In late March HDZ radicals in Mostar moved to oust that city's Mayor, Mr. Tomic (a moderate HDZ member). These attempts failed due to a lack of the necessary votes in the Municipal Council. However, HDZ hard-liners continue to pressure Mr. Tomic, who they see as an obstacle to the establishment of a separate Croat entity. 'HNS' officials also instructed Croats and their legally elected representatives to reject the newly elected Federation Government. On 13 March, HDZ officials ordered the disbanding of the Croat component of the Federation Army, followed on 28 March by a walkout of Croat officers and soldiers from their barracks.

11. The efforts of this illegal "Croat Self-Rule" to control the Federation financial institutions (mainly, the customs offices) in the Croat-majority areas has failed, thanks to the firm attitude of the Federation government.

12. On 16 May, Federation Defense Minister Anic and some BiH Croat Generals brokered a tentative agreement which allowed Croat soldiers one month to renew their contracts with the Defense Ministry and return to their barracks. As the time period for this report expired, the official agreement broke down, but a significant number of Croat soldiers -- particularly from Central Bosnia and from the northern region of Posavina -- had reportedly renewed their contracts.

c) Brcko

13. I continue to be satisfied with developments in the Brcko District (BD). One year after its establishment, progress continued in particular in the areas of:

- Return: Both entities and the BD Government are enacting a joint program for Displaced Persons' (DPs) housing reconstruction worth 6 million KM (1 KM = $ 0.5 approx.), which should result in 500 housing resolutions in the current year. The BD continues to be in the top 5% of municipalities in the Property Law Implementation Program (PLIP), with an average of over 100 properties reinstated each month.

- **Judicial system: A modern judicial system -consisting of a basic court, an appellate court, a legal aid center and a judicial commission- was established on 1 April and is functioning well under a set of progressive District laws**
- Budget: **A transparent budget was adopted in April and the District is financially self-sustainable, a result of the District Government's efforts to collect all revenues to which it is entitled.**

14. **Both Entities' Governments have shown, in general, a positive and supportive attitude towards the District, including efforts towards an integrated educational system. The latter, however, is not yet reflected by the attitude of local Serb political parties. Both Prime Ministers have appointed permanent Liaison Officers to facilitate dialogue and communication. I fully endorse the BD Supervisor's current focus on privatization, tax legislation and re-opening navigation on the Sava river.**

3. Election Issues

15. **In view of the fact that the November 2000 elections were the last for which the OSCE bore responsibility, the adoption of an Election Law has become particularly pressing. The adoption of such a Law is one of the main obligations stemming from the Declaration of the Peace Implementation Council (PIC) held in Brussels in May 2000. It is also one of the primary conditions for the accession of BiH to the Council of Europe and for the fulfillment of the EU Roadmap. A Draft Election Law, prepared by a group of experts under the joint auspices of OSCE and my Office, was adopted by the CoM on 12 April and is currently pending before the Parliamentary Assembly.**

4. Removals

16. **This reporting period started with the full-blown challenge to the constitutional order by the HDZ, which proclaimed the so-called "Croat Self-Rule" In view of this, I decided to remove this party's leadership (four people), including Ante Jelavic, the Croat member of the Presidency. Following the 6 April violence in Herzegovina, which is described in detail in Chapter III, on 26 April I removed the Minister of Interior of Canton 7 (Mostar), Dragan Mandic.**

17. **All over the country, I dismissed two more public officials for serious and persistent obstruction of the Peace Agreement Furthermore and I suspended three officials for the same reasons. In addition, my policy of demanding the authorities to dismiss themselves their obstructive officials, bore fruit in May, when the RS Ministry of Interior's top officials were forced to resign or were dismissed following the violence in Banja Luka and Trebinje.**

5. Civil Information Management and Documents

18. My Office turned over the completed package of five State laws dealing with the implementation of civil registries and issuance of common identification cards and drivers licenses to the Ministry of Civil Affairs and Communications (MCAC) in April 2001. This package also included a State law on data protection that secures the

rights of individuals regarding the government use of the data, which meets the Council of Europe standards.

19. The MCAC introduced these laws for governmental approval in May 2001 and on 9 June the CoM adopted the laws and forwarded them to the Parliamentary Assembly. Technical preparations with relevant State and Entity ministers are nearly complete.

6. BiH in the European Integration Process

20. Due to the inability of the Parliamentary Assembly to get important legislation passed, the pace of the European integration progress has been disappointing. A significant number of conditions remain to be fulfilled on the EU's Road Map, among them the adoption of the Civil Service Law. In addition, the most important of the pre-accession criteria for BiH's accession to the Council of Europe, the adoption of an Election Law, remains uncertain.

II. ECONOMY

1. General Overview of the BiH Economy

21. A preliminary analysis indicates that BiH experienced a GDP growth of approximately 5% in 2000. Predicted growth rates in the double digits failed to materialize due to the fact that economic reforms are only beginning to be implemented as well as to a severe drought.

22. Net salaries increased in both Entities, contributing positively to consumer demand. The inflation rate (retail price index) continued at a very low level in the Federation and remained at a higher level in the RS. The employment situation did not change substantially in 2001- a level of 646,000 official jobs was maintained. However there is a persistently high level of unemployed persons. In addition to the serious situation in the social sector (high unemployment and low pension level payments), the problems in the trade balance and the balance of payments are causes for concern.

2. Economic Reform

23. Further economic reforms – particularly in privatization of public utilities and restructuring – must be accelerated in 2001. While an increased inflow of foreign direct investment would facilitate the restructuring of the economy, the creation of a favorable investment climate remains a challenge for the BiH authorities. These are major priorities, to which OHR has devoted a great deal of attention and resources, following the recommendations of the PIC Steering Board.

a) Regional and European Economic Integration

24. The Stability Pact provided a useful forum for regional collaboration. My Office noted with satisfaction that the BiH Ministry of European Integration has become a full and active partner in the Pact's economic activities held under the auspices of

Working Table II on Economic Reconstruction and Development. Further, it was confirmed that BiH would assume the co-chairmanship of Working Table II for the second half of 2001.

25. Accession to the EU remains the principal longer-term political objective and economic aspiration. Key legislation required by the EU Road Map, such as the Law on Consumer Protection and the Law on Competition, are awaiting parliamentary approval.

b) Tax Reform

26. My Office has taken a lead role in tax reform and, through the IAG-T (International Advisory Group on Taxation), has accelerated the process and improved co-ordination. The IMF project on harmonization of the sales taxes was finished in April 2001 with an agreement between the two entity governments. An agreement has been reached that the Brcko District would harmonize its Sales Tax Law with the Entities no later than August 2001. By January 2002, a harmonized Income Tax Law should be in place throughout BiH.

c) Privatization

27. In the RS, the voucher offer that began in November of last year ended on 15 March. Citizens and 13 Privatization Investment Funds (PIFs) were offered 55% of state equity in 830 enterprises. Of a total of 49 million vouchers issued, over 84% were utilized. In the Federation, the first wave of Public Offering of Shares (POS's) was completed on 28 March. A total of 542 enterprises were offered to certificate holders, with the amount of certificates subscribed at 4.25 billion KM.

28. In the RS, the IC has committed to provide assistance for 52 enterprises selected by the International Advisory Group on Privatization (IAGP) for tender privatization. In the Federation, 86 enterprises were selected by the IAGP for tender privatization, with consultant assistance being initiated by IC donors.

29. In the fields of public utilities, public services, infrastructure development and natural resource exploitation, public sector participation (PSP) is usually arranged by way of concessions. An Inter-Governmental Working Group, which had the full participation from the BiH CoM, both Entities and international experts, completed its work in May 2001 and submitted fully-harmonized, draft concession laws to the BiH and Entity governments for adoption.

d) Public Utilities

30. The five-member, Prime Minister-level, BiH Commission on Public Corporations (CPC) met on 17 April after a five-month hiatus. The two new Entity PMs and the new Federation Deputy PM have assumed their role on the Commission and agreed to move forward with work on the analysis and design of new Annex 9 public corporations in the fields of gas transportation, power transmission, radio transmission infrastructure and posts.

e) Transport

31. The Railway Public Corporation (RPC), designed to manage the railway infrastructure within BiH, is now legally registered in both Entities. A 61 million Euro EBRD/EIB Railway Recovery Loan was signed on 11 June to re-construct 750 km of main track in BiH. On 4 May, my Office organized a well-attended international conference on the BiH railway situation, which concluded that the system must undergo drastic re-organization to achieve an acceptable level of competitiveness and effectiveness. As a tangible sign of its recovery, international passenger service on the lines Sarajevo-Banja Luka-Zagreb and Doboj-Banja Luka-Zagreb-Ljubljana re-opened on 10 June, after nine years of interruption.

32. Both the Federation and RS have been in negotiations with the EIB for a new Euro 60 million road improvement loan. The World Bank is preparing a new Road Management and Safety Project worth USD 30 million, which will focus on the corridor roads and address road maintenance and safety problems.

f) Telecommunications Sector

33. On 2 March, I issued a Decision establishing the Communications Regulatory Agency (CRA), which combines the competencies of the Independent Media Commission (IMC) and the Telecommunications Regulatory Agency (TRA). The World Bank has offered technical assistance for sector restructuring, privatization and other transition measures. This will cover such areas as re-organizing the separated postal services, offering a concession for the radio transmission infrastructure system and exploring e-commerce opportunities. On 30 April the CRA granted national GSM licenses to the two publicly owned mobile telephone operators, PTT-BiH and Mobilna Srpska and launched the international competitive tendering process for a third BiH-wide GSM license.

g) Energy Sector

34. The adoption of new Electricity Laws by Entity parliaments endorsing, among other things, a new State level regulatory authority and the creation of a single power transmission corporation for BiH are key conditions for obtaining World Bank (IDA) and EBRD approval for a Power III Loan Project worth USD 230 million. Co-financing Power III is expected to come from EIB, Switzerland, Norway, Germany, Spain, Italy and the UK.

III. ANTI-CORRUPTION AND TRANSPARENCY ISSUES

35. The emergence of the so-called 'Croat Self-Rule' and its proclamation to take over Federation public revenues forced me to take decisive action against the financial center of this illegal parallel structure. The Hercegovacka Bank, founded and controlled by Croat hard-line separatist elements through a circuitous ownership structure, served this purpose as the collecting center for all public revenues taxed on Croat-majority territory. My Office had also identified hidden accounts and questionable loan practices to HDZ loyalists. On this basis, I proceeded to place the

bank under provisional administration in order to halt any illegal activities occurring through the bank, as well as to protect the depositors' interests. On April 6 the peaceful takeover of the bank by the Provisional Administrator (PA), with the invaluable SFOR support, was resisted by violent HDZ-organized riots, during which members of my staff working with the PA, as well as several other internationals and BiH nationals, were injured, threatened and taken hostage. A more robust follow-up action on 18 April, again with SFOR backing, was a complete success.

36. Following the Hercegovacka Bank operation on 6 April and the criminal acts committed against the personnel assisting the PA, the Federation authorities started an investigation, with the cooperation of the IC. On 26 April I decided to transfer jurisdiction for the investigation and prosecution of offences to the Cantonal Court of Sarajevo, because of the well-grounded suspicions of local police involvement in the organized rioting and the doubts about the local prosecutors and judges' ability to act impartially in an environment of pressure and intimidation.

37. The PA is faced with a lack of cooperation from the shareholders and management. This has slowed down the c olidation of accounts and hence the investigative process. Nevertheless, the work has gone forward with specialist assistance, though the investigation will need time before it can start delivering concrete results. The PA has undertaken measures to secure the interests of especially the small deposit-holders. Numerous meetings have been held with the shareholders and management and it is hoped that progress will be made so that the future of the bank and its account-holders can be decided. Besides freezing the bank's deposits in the Central Bank, the PA has sought to secure all overseas accounts so that these resources are at the disposal of the depositors.

38. Due to the lack of transparency and continuing suspicions of corruption in public finances, I appointed a Special Auditor to audit and report on the condition of government finances. The reports confirm that the system of public finances is conducive to corruption and fraud, and that the appropriate control mechanisms are lacking or are unable to fulfill their duties. As a result, my Office is developing a strategy to reform the administrative accounting procedures and strengthen the supreme audit, treasury and parliamentary control mechanisms.

IV. RETURN

39. The first five months of this year produced 30.123 "minority" returns (as registered by the UNHCR) indicating that this year's total is likely to be a significant improvement on the 67,000 "minority" returns registered in 2000. However, obstacles stemming from the continuing failure of local authorities to take full ownership of the process have prevented a countrywide breakthrough. Although a State-level Ministry for Human Rights and Refugees (MHRR) has been created, a stronger role in the coordination of return-related issues between the Entities is necessary. While the Federation budget now includes a substantial budget to support returns, I also urged the RS PM to increase the RS Ministry for Refugees' budget and to re-focus it towards Losniac and Croat returns to RS -and Serb to the Federation- instead of only supporting Serb DP's who wish to stay in RS. On several occasions I have used my

Annex 10 powers to warn mayors who obstruct returns and on 1 June, I decided to remove the Mayor and the Head of the Housing Office of Bratunac (Eastern RS) for their continued obstruction of the return process in his municipality.

40. The RRTF (Reconstruction and Return Task Force), with its Economic and Human Rights counterparts, are increasing their focus on sustainability, in particular equal access to economic opportunities. Returnees' efforts to acquire documentation, employment, education and pensions remain problematic. My Office is also working to ensure that returnees can access basic utilities under fair and equal conditions.

41. Refugee return remains negatively affected by the situation in Croatia and the FRY, although there has been some legislative progress recently in Croatia. Overall progress is not sufficient to enable uninterrupted and smooth return. The obstacles include the lack of a transparent legal framework for the repossession of property. Therefore, some 25,000 Croatian Serbs in the western RS continue to await resolution of their status, creating a tough obstacle to Croat and Bosniac return to RS. With regard to return from the FRY to BiH, this is being addressed by the efforts of my Office to improve the overall situation for property repossession in BiH, and through efforts to increase cooperation and dialogue between FRY, BiH and Croatia.

V. PROPERTY

42. According to PLIP statistics, as of the end of May 2001, 51% of property claims have been decided on and 27% resulted in actual repossessions. These results represent an important benchmark in the implementation of property legislation that I imposed in 1999.

43. However, the increase in the rate of implementation of the property laws remains too slow and currently stands at 2% per month in the Federation and 1% in the RS. Local authorities in both Entities will have to significantly accelerate the rate of implementation of property legislation, especially in Eastern RS and, in the Federation, in Cantons 7 (Mostar) and 10 (Livno).

VI. EDUCATION

44. Ministerial commitments and/or commencement of implementation of the following issues have been achieved by my Office during this reporting period:

- Courses in "Human Rights and Civic education" will replace "Civil Defense";
- Classes devoted to the literature of the other constituent peoples of BiH and language modules focusing on their common linguistic heritage and linguistic diversity today are to be prepared for February 2002;
- The subject "Culture of Religions" is to be introduced in September 2002;
- Teaching of the two alphabets is obligatory in both entities as from the second semester of the current school year 2001 (from grade 2 of primary school;
- Textbooks imported from Belgrade and Zagreb, which do not refer to BiH, will be phased out by September 2002;

- A majority of the Federation Cantons are now willing to devolve part of their responsibilities and powers to the Federation Ministry of Education in order to facilitate strategic education planning in the future;
- The inter-entity Educational Standards and Assessment Agency, established by the World Bank, has finally been operationalised.

VII. MEDIA

45. The International Chief Executive of the CRA, who started his mandate in mid-February, has successfully combined the staff and business operations of the CRA's two predecessor organizations, IMC and TRA. Additionally, CRA is continuing the merit-based long-term broadcast licensing process begun by the IMC. Although problems with implementation cannot be ruled out as the licensing process moves into more politically volatile areas, the process has started well, with 100% compliance in the first region covered. The BiH Communications Law, which will provide a legal basis and structural foundation for the CRA, was presented to the CoM on 24 April for consideration.

46. The restructuring of the Public Broadcasting System (PBS) in BiH continues with the simultaneous launch on 7 May of both PBS radio (broadcasting across the whole territory of BiH) and Federation radio. For the first time since the disintegration of the former Yugoslavia, BiH has a statewide broadcasting capability. The citizens of BiH now have a forum available to all, irrespective of ethnicity, to debate crucial issues of the day, free from political subversion and distortion. Currently the PBS radio signal is accessible to approximately 72% of the population. Work to extend the coverage to 85% of the population will continue during autumn 2001, subject to available donor funding.

47. The Federation Parliament adopted in June the Draft Defamation Act. I expect the final vote to be taken at the Parliament's next session in July. In the RS, the Proposed Defamation Act should be considered in the very near future. Following adoption, it will forward the Proposed Act to the RS National Assembly for the final vote.

48. The draft Law on Freedom of Access to Information, prepared by an expert group in coordination with the OSCE and OHR in October 2000, was adopted at the State level, as well as by both the Federation and RS Governments.

VIII. JUDICIAL REFORM

49. On 14 March, I issued a decision providing the Independent Judicial Commission (IJC) with a comprehensive mandate embracing matters regarding the promotion of the rule of law and judicial reform. I followed this with an internal directive clarifying the scope of administrative competencies and powers as between my Office and the IJC. Thus, the basic framework for the IJC is now set. During this period, the IJC has significantly increased its staffing and has been able to begin working on the various issues that fall within its mandate. The Director took up office on 2 April. The IJC is

now established in its own headquarters in Sarajevo and in four field offices (Banja Luka, Mostar, Sarajevo, and Tuzla). I expect the fifth office in Bihac to open soon.

50. The IJC has started the implementation of its strategic plan for the next twelve months and has identified some areas or particular importance to the strengthening of the rule of law in BiH: review of the laws on appointment of judges and prosecutors, criminal and civil procedure reform, review of legislation on enforcement of civil judgements and court administration and management.

51. During the period, there was some progress in these areas, especially with the increased activity of local working groups on law reform issues. I am encouraged to see that there is an acknowledged recognition by the Ministers of Justice of each Entity of the benefits of harmonizing their legislation in key areas, such as procedural laws, and of the need for some problems to be resolved at State-level.

52. The IJC has been monitoring and guiding the work of the national commissions and councils established to improve the process of recruitment of judges and prosecutors and to carry out a comprehensive review of all serving judges and prosecutors. However, political obstruction in certain areas has continued to impede the appointment of prosecutors.

IX HUMAN RIGHTS

1. Human Rights institutions

a) BiH Human Rights Ombudsman

53. The Mostar "Liska Street" incident of February 1997 -denounced by the UN SG-, in which a Bosniac was killed and twenty were injured during a visit to a cemetery for the Bajram, is now under criminal investigation by Mostar judicial authorities, pursuant to recommendations contained in a Special Report of the BiH Ombudsman.

b) Entity Ombudsman Institutions

54. In annual reports released during the reporting period, the RS and Federation institutions highlighted that the top two issues about which individuals register complaints concerned failures to be able to repossess one's pre-war housing, and ethnic discrimination concerning employment.

c) Human Rights Chamber

55. The implementation rate for the decisions of the Human Rights Chamber (HRC) has increased and now stands at 75%, up from 33% at the end of 1999. Similar increases have also been seen with reports of the BiH Human Rights Ombudsman.

56. In order to properly implement the HRC decision demanding the reconstruction of the Ferhadija mosque in Banja Luka, the "urban permit" (originally issued on 22 November 2000) was amended by the local authorities in March 2001.

2. Social, Economic and Gender Rights

57. My Office is developing policies and strategies aimed at remedying the current discriminatory practices in healthcare, access to utilities and employment. It has continued to monitor the implementation of the Entity Labour Laws regarding possible re-employment or compensation for those who were dismissed during the war, and continues to present the principle of conditionality to donor agencies in an effort to establish an equitable employment market. My Office has helped facilitate a system of pension transfer, whereby returnee pensioners can receive their pensions in the place of return, thus facilitating sustainable return all over BiH.

58. As the trafficking of persons in and through BiH persists, my Office continues to participate in the Working Group to Combat Trafficking in Human Beings. It has drafted a BiH Plan of Action to Combat Trafficking in Human Beings, which is pending before the Parliamentary Assembly of BiH.

59. My Office is participating in the review of draft legislation pertaining to the rights of national minorities and gender equality. Members of my staff participate in the recently established Roma Coordination Group, with members from the IC and the Roma community, in an effort to address the widespread discrimination of this often over-looked minority.

3. ICTY

60. My Office has continued to cooperate closely with ICTY, in order to assist with the facilitation of its mandate. In particular, it has worked with ICTY in commenting on the RS Draft Law on Co-operation with ICTY and the BiH Draft Law on the Truth and Reconciliation Commission. Additionally, it has continued to attract investors to support the activities of ICTY's Rules of the Road Unit, principally their proposal for a lecture series involving legal training for members of the BiH judiciary and police force involved in the prosecution of alleged war criminals.

61. It has continued to monitor compliance with the Rules of the Road Agreement and domestic war-crimes trials.

4. Missing persons and Potocari (Srebrenica) memorial site

62. The specific boundaries of the Potocari site, which I designated in October 2000 for the burial and commemoration of the victims of the 1995 Srebrenica massacre, were identified and eventually marked in March.

63. In order to organise and focus the development of the site, the Foundation for the Srebrenica/Potocari Memorial and Cemetery was created and registered. In anticipation of the 6th anniversary of the massacre, the Foundation has agreed on a design and location for a stone to mark the site.

X. LEGAL ISSUES

1. State Institutions: Civil Service and State Court

64. My Office, in collaboration with the EU, is seeking adoption by the CoM of the draft Law on the Civil Service. In order to ensure the effective implementation of such legislation, an Agency for Civil Service will be established. This administrative authority will actively contribute to a professional and standardized recruitment and dismissal process of the civil servants.

65. The Court of BiH, put into law by my Decision of last November, has not yet become operative, because of RS litigation before the BiH Constitutional Court on its constitutionality.

2. Issues Related to the BiH Constitutional Court's Decisions

66. On 23 March, the BiH Constitutional Court found itself competent to review the constitutionality of the legislation that I imposed. It found the Law on Travel Documents -providing for a single BiH passport- that I imposed on 29 September 2000 to be consistent with the BiH Constitution.

67. The Constitutional Commissions in both Entities are progressing in the preparation of proposals for the amendments of the Entity constitutions in accordance with last year's Constituent People's Decision of the BiH Constitutional Court. Although OHR observers are present at commission meetings, the process is very much left to their own responsibility at this stage. Both Commissions have come to agreements on most issues. In RS, the constituent peoples' vital interest will probably be protected by a Commission. In the Federation, the Constitutional Commission has left options for the Federation Parliament on sensitive issues such as the new parliamentary structure, including any "vital interest" protection mechanism.

68. The process in the Federation has been considerably delayed by the general attitude of the HDZ. Although I invited this party on numerous occasions to participate in the work of the Constitutional Commissions, it refused the invitation, following its pattern of anti-constitutional behaviour. Eventually, I was forced to appoint Croat members from other political parties.

3. Other legal issues

69. In February I issued a Decision imposing binding arbitration on the RS and the Federation aimed at finally resolving the long standing dispute over the precise delineation of the IEBL in the Dobrinja suburb of Sarajevo. The appointed Arbitrator finalized the arbitration process and the Award was issued on 24 April. The resolution of this issue will not only have a positive impact on the return of former Dobrinja residents to their homes, but will also create a positive environment for the full implementation of Annex 7 to the GFAP.

70. I am pleased to report that BiH is reforming the legal aspects of public water management in accordance with European Union directives and principles of international law.

71. My Office is currently pressing for the adoption of the Federation Law on Citizenship by the Federation Parliament. It is now for review under an urgent procedure. Its adoption is indeed crucial, since many former citizens of the SFRY who took up permanent residence in BiH before 1998 became eligible for BiH citizenship as of 1 January 2000 and are unable to do so in the absence of a Federation Citizenship Law.

72. Under my separate mandate for SFRY succession, I mediated the final round of the negotiations on succession to the SFRY, together with the Special Negotiator, Sir Arthur Watts. On 25 May, the five successor states (BiH, Croatia, FYR of Macedonia, Slovenia, and FRY) initialed an agreement that provided for the distribution of the SFRY's rights, obligations, assets and liabilities.

XI. MILITARY ISSUES

1. Defence and Military Reform; Development of a State-level Defence Institution

73. Although I still consider the overall process towards BiH armed forces integration and the building of a State level security and defence identity too slow, a significant step was taken on 11 May when the BiH Presidency adopted a BiH Defence Policy (DP). Its adoption has clearly strengthened the authority of the Presidency in the area of defence and security. This in turn is expected to strengthen the position and authority of the Standing Committee on Military Matters (SCMM) and its Secretariat.

2. Re-structuring of the Entity Armed Forces

74. Under the lead of SFOR, both Entities' armed forces have now achieved the necessary 15% reduction in size. The re-structuring work is now being taken forward under the guidance of the Joint Military Commission, which engages representatives from both BiH and the IC.

3. De-mining

75. Following the publication on 23 March of the Federation Finance Police report into corruption within the de-mining operations, confidence has started to return among donors. Some pledges have been received, notably from Germany, USA, Canada, Sweden and Slovenia, which will provide for over half of the required 2001 budget. However, more funds are required and other donor nations would like to see a greater contribution from within BiH to show a commitment equal to that of the IC. Furthermore, some pledges have not yet been converted to actual funding. Joint Chairs of the Boards of Donors have written to the MCAC offering advice on how both of these problems may be addressed.

76. The Demining Commission is pushing ahead with the drafting of a De-mining Law to streamline the structure of the de-mining organization (something that the IC is keen to see), avoid redundancies and create a legal basis for de-mining activities within BiH.

4. Civil Aviation

77. The new CoM accepted the advice of my Office, SFOR and ICAO and established a CoM Working Group (WG) for Civil Aviation. At the 14 June session of the International Standing Committee for BiH in Sarajevo, following considerable effort from my Office and ICAO to provide technical and political advice to the CoM, the recommendations of the WG for the transfer of authority from SFOR to civil aviation in BiH, were approved. In essence, it was agreed that:

- BiH should join the Central European Air Traffic Services (CEATS) for the provision of air traffic services in the upper air space;
- Provision of air traffic services in middle and lower airspace should temporarily be contracted to a single service provider, Croatia Control Limited (CCL), for as long as NATO controls operational military flights in that airspace.

OHR Report of the High Representative
18 July 2001

United Nations S/2001/724

Security Council

Distr.: General
24 July 2001
English
Original: Arabic

Identical letters dated 23 July 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General and to the President of the Security Council

On instructions from my Government, I have the honour to inform you that the United States and the United Kingdom are maintaining their pattern of conduct in placing holds on humanitarian contracts submitted under the memorandum of understanding of 20 May 1996 between the Government of the Republic of Iraq and the Secretariat of the United Nations (S/1996/356) and the oil-for-food programme.

In its many letters on the subject addressed to the Secretariat and the Security Council, the Government of Iraq has referred to this unlawful conduct on the part of the United States and the United Kingdom. The pattern has not changed despite the protests of the Secretariat of the United Nations, as reflected in the periodic reports of the Secretary-General on the implementation of the Programme, and despite the repeated calls the Security Council has addressed to these two countries, most recently that made in paragraph 13 of its resolution 1330 (2000), in which it:

> "*Urges* the Committee established by resolution 661 (1990) to review applications in an expeditious manner, to decrease the level of applications on hold and to continue to improve the approval process of applications, ..."

The flimsy reasons most frequently given by the United States and the United Kingdom for placing contracts on hold are that there is an alleged need for further information on the contracts and the fanciful claim that some of the items ordered are of dual use. Such claims and allegations lack any basis. Primarily, they constitute interference with the prerogatives of the Secretariat and the Office of the Iraq Programme. Paragraph 24 [i.e. 33] of the procedures adopted by the Committee established by resolution 661 (1990) for the implementation of the Programme (S/1996/636) states that, before it is submitted to the Committee, "experts in the Secretariat examine each contract, in particular the details of price and value, and whether the items to be exported are on the categorized list" submitted by Iraq and approved by the Secretary-General.

It is evident from the foregoing that responsibility for ascertaining that contracts meet the conditions stipulated in the Committee's procedures and conform to the distribution plan lies with the Secretary-General and the Secretariat.

The policy of placing contracts on hold has gone so far that it is no longer possible to remain silent. As of 10 July 2001, there were 1,373 contracts on hold for a total value of 3.5 billion dollars. I should like to make specific reference in this

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letter to only one of the humanitarian sectors seriously affected by the policy of placing contracts on hold that has been pursued by the United States and the United Kingdom. This is the electricity sector, which represents the mainstay of life and which serves all of the other humanitarian sectors that are vital to the people of Iraq, namely food, agriculture, health, industry, trade, education, culture and water and sanitation as well as others. The governments of the United States and the United Kingdom have targeted this important and vital sector in order to maintain and exacerbate the suffering of the Iraqi people under the burden of the unjust embargo imposed on it and perpetuate the shortage of electricity by placing holds on a large number of contracts that would provide Iraq's electricity system with the additional generating capacity required given that the United States aggressors destroyed all of the electric power stations at the time of the 30-nation aggression of 1991, thus causing enormous detriment to the lives of Iraqi citizens.

A total of 161 electricity-related contracts for phases V, VI, VII and VIII, worth 988,000,000 dollars, are on hold. One hundred and forty-two of them were placed on hold by the United States, one by the United Kingdom and 18 by both the United States and the United Kingdom. All of them were placed on hold for flimsy reasons. There are still contracts that have been on hold since 1997 despite the 280 or so clarifications that have been provided by the Electricity Authority and the Iraqi electricity supply companies and have been communicated to the Office of the Iraq Programme and the Committee and despite the fact that the contracts on hold have met all the requirements. In this connection, we set before you hereunder the facts relating to the most important of the electricity sector contracts that have been on hold for long periods of time.

1. There are contracts for electricity stations that were placed on hold in phase VI. They include contracts for the Najaf station, the Rashidiyah gas-powered station and the rehabilitation of control equipment and turbines for the generating units at the Dawrah station They are worth some 250,000,000 dollars, and they have been on hold for almost a year. They could have increased generating capacity by some 700 megawatts if the equipment ordered had arrived, and the spare parts and ancillary equipment could also have helped to increase generating capacity and ensure the continued operation of generating stations and transmission and distribution networks.

2. Other contracts were placed on hold in phases VII and VIII that could have added generating capacity of some 2,000 megawatts had they been processed. They were for new gas- and steam-powered generating stations, and some of them are on hold and some are registered. An example that causes astonishment is that in considering four contracts for the supply of similar gas-powered units that were concluded with one company, the representatives of the United States and the United Kingdom in the Committee placed two of the contracts on hold and approved the two others. The representatives of the United States and the United Kingdom also approve some contracts for important spare parts for generating stations and place holds on others that are complementary, so that items supplied under contracts that have been approved cannot be used for the repair or rehabilitation of those stations that are damaged and require repair. You will find annexed hereto a table showing examples of important contracts that have been registered and on hold for various periods of time.

3. The practice of placing electricity-related contracts on hold has created an enormous gap between demand and output that causes electricity supply to the country's governorates to be disrupted for long periods of time that may exceed 18 hours a day. This represents genuine hardship, affects all necessities of life for Iraqi citizens, causes a complete paralysis of life affecting all of its requirements and destroys the household electrical appliances of citizens. The best indication of this is in the reports submitted by the United Nations Development Programme (UNDP) on the impact of the holds placed on contracts and the delays in their fulfilment on the production, transmission and distribution of electrical power. The figures given is these reports indicate that there is a shortfall in production of more than 50 per cent. One of the consequences of this shortfall in production has been that patients have been killed or their health adversely affected as a result of disruptions in the electricity supply to hospitals. The disruption of the supply of electricity to water and sanitation stations also halts the pumping of the drinking water citizens need in hot weather. Blockages in the sewerage network also cause leakages and have grave health consequences for all. Power outages also affect agricultural output, livestock, factories and citizens' workshops as weil as education, inasmuch as students and teachers are prevented from performing their tasks, and they have medical and psychological consequences for all segments of society.

4. There are other contracts that have been on hold for some two years. They are for systems control and communications equipment and include contracts for power-line carrier equipment, the national control centre, switching equipment and fibre-optic cables. Among its assistance projects, the UNDP office provided funding of 250,000 dollars for the national control centre project in 1999. Despite discussions and correspondence in its regard, none of the items have been delivered. The UNDP office has recently suspended implementation of the project because it anticipates that the Committee will not approve it given that there are two contracts on hold that relate to the control centres. We should also like to refer in this connection to a contract for the importation of piping for the condensers at the Dawrah thermal station for which approval has not been given. This has meant that the maintenance of the units has not been completed, there being an urgent need to replace the piping, despite the assurances of the United Nations specialized agencies that the piping serves the station and is in no way a dual-use item.

The hostile political considerations that govern the overall approach of the United States and the United Kingdom to Iraq are obvious to all and the two aggressor States do not conceal them. By way of the no-flight zones in northern and southern Iraq, they have been continuing their military aggression against our people on a daily basis since 1991 by virtue of a unilateral and illegal decision taken by their governments in flagrant violation of the Charter of the United Nations and international law.

In order to justify and reinforce the policy of placing contracts on hold, the United States and the United Kingdom have resorted to a new lie that has almost succeeded in deceiving the members of the Council. It is the claim that there are no rules for the evaluation of contracts, and they have proposed the adoption of a new mechanism that seeks to give a false legitimacy to the practice of placing holds on contracts for humanitarian items on grounds of dual use in order to place new restrictions on Iraq's present and future trade. All contracts for humanitarian items are included in the distribution plan that is approved by the Secretary-General at the commencement of each phase. The items are of a purely humanitarian nature, and

the United Nations verifies their delivery to the end-user. The members of the Committee have in the past proposed that lists should be drawn up of the humanitarian items for which contracts can be approved by the Secretariat without there being any need for them to be submitted to the Committee. Lists were compiled and were given effect in many sectors. There is no need for any new procedure other than that the United States and the United Kingdom should renounce their arbitrary conduct and should go along with the view of the 13 other members of the Committee, none of whom have seen anything in the contracts in question that would require them to be placed on hold.

The exploitation by the United States and the United Kingdom of the mechanisms of the United Nations and their politicization of the humanitarian programme and use of it as an instrument to give effect to their anti-Iraq policies by placing holds on contracts, including electricity-related contracts, on grounds of dual use have gone so far that the United Nations can no longer remain silent. Given your responsibilities, we appeal to you to put an end to this policy of seeking vengeance on the people of Iraq and we urge you to intervene so that the holds placed on electricity sector contracts and contracts in other sectors may be lifted.

I should be grateful if you would have this letter and its annex circulated as a document of the Security Council.

(*Signed*) Mohammed A. **A-Douri**
Ambassador
Permanent Representative

Annex to the identical letters dated 23 July 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General and to the President of the Security Council

Item	Amount (millions of dollars)	Date of registration	United Nations number
Phase VI			
2 165 MV gas units	102.9	30/09/99	600630
Rehabilitation of turbines and control equipment at the Dawrah station	42.6	29/03/00	601700
2 123 MV gas units	77.8	07/03/00	601746
2 25 MV portable raft-mounted gas units	17.5	30/10/00	600620
Phase VII			
Electrical equipment for the Azim dam hydroelectric station	17.0	19/10/00	702393
2 150 MV gas units	80.0	17/10/00	702374
Equipment for 132 kV transformer substations	23.0	07/08/00	701749
Rehabilitation of 15 gas turbine blades		26/07/00	701596
Phase VIII			
Equipment for the Salah al-Din thermal station	130	29/11/00	801545
Equipment for the Yusufiyah thermal station	150	22/01/01	801479
Equipment for the Rumaylah gas-powered station	110	15/11/00	800701
Control and communications equipment for the electricity system			
Phase V			
Rehabilitation of the national control centre	3.75	12/04/99	50653
Rehabilitation of the national control centre	2.99	05/04/99	50635
Digital switching equipment	0.99	12/04/99	50668
Switching equipment and accessories	1.47	22/04/99	50715
Switching equipment and fibre-optic cable	6.39	13/09/99	501200

Item	Amount (millions of dollars)	Date of registration	United Nations number
Phase VI			
Power-line carrier equipment	2.45	29/03/00	601695
Communications equipment	1.76	16/05/00	700834
Power-line carrier equipment	7.48	02/06/00	700938
Communications and data transmission equipment for the North power station	7.4	10/08/00	701798

United Nations S/2001/725

Security Council

Distr.: General
24 July 2001
English
Original: Arabic

Identical letters dated 23 July 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General and to the President of the Security Council

On instructions from my Government and with reference to the letter from the Permanent Representative of the Kingdom of Saudi Arabia dated 10 July 2001 (S/2001/689) alleging that smugglers attempted to cross the Saudi Arabian frontier on 11 June 2001, I wish to inform you that the content of the Saudi Arabian letter is a complete fabrication since the Iraqi Frontier Force has confirmed that the information given in the letter is untrue.

The Saudi Arabian authorities have persisted, over the past two months, in sending letters to the Secretary-General of the United Nations and to the President of the Security Council complaining about alleged violations of their borders, and the United States Zionist media have repeated these allegations in order to create the false impression that there is a tense situation on the border between Iraq and Saudi Arabia. The facts indicate that exactly the opposite is the case. The Iraqi side is committed to the protection of the Iraqi-Saudi Arabian border zone and to the principles of good-neighbourliness with the Kingdom of Saudi Arabia. In return, the Saudi Arabian authorities provide funding and supplies to the bases from which United States aircraft attack civilian targets in Iraq on a daily basis in flagrant violation of the Charter of the United Nations, international law and international humanitarian law.

The entire world has condemned the daily military aggression by the United States of America and the United Kingdom against Iraq, launched from the territory of Saudi Arabia, Kuwait and Turkey, on the grounds that it is an isolated use of force against an independent State without the authorization of the United Nations. The Secretary-General of the United Nations stated recently that the imposition of the no-flight zones on Iraq had no basis in any resolution of the Security Council.

Iraq requests the Secretary-General of the United Nations and the Security Council to take immediate steps to ensure the cessation of the daily aggression by the United States of America and the United Kingdom against its territory and to hold the perpetrators legally responsible for their aggression, and for the payment of compensation for the material damage and human casualties caused thereby. The Saudi Arabian authorities are a principal party in this aggression and bear legal responsibility for it under the Charter of the United Nations and international law.

01-46682 (E) 240701 240701

I should be grateful if you would have this letter circulated as a document of the Security Council.

(*Signed*) Mohammed A. **Al-Douri**
Ambassador
Permanent Representative

United Nations S/2001/726

Security Council

Distr.: General
24 July 2001
English
Original: Arabic

Identical letters dated 23 July 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General and to the President of the Security Council

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 22 July 2001 from Mr. Tariq Aziz, Deputy Prime Minister and Acting Minister for Foreign Affairs of Iraq. The Minister calls attention to the ongoing wanton aggression against Iraq by United States and British aircraft in the unlawful no-flight zones and to the fact that in the period from 1 to 11 July 2001 they carried out 395 sorties, 82 of them from Saudi Arabia, 257 from Kuwait and 56 from Turkey.

The Minister reaffirms the Government of Iraq's condemnation of these acts of aggression against Iraqi territory, and he states that international responsibility for them must be borne by the United States of America, the United Kingdom and the countries that provide the logistic support for this aggression, namely Saudi Arabia, Kuwait and Turkey. He urges you to perform the duties assigned to you under the Charter by halting this unwarranted aggression and ensuring that it does not recur.

I should be grateful if you would have the present letter and its annex circulated as a document of the Security Council.

(*Signed*) Mohammed A. **Al-Douri**
Ambassador
Permanent Representative

01-46754 (E) 260701 260701

Annex to the identical letters dated 23 July 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General and to the President of the Security Council

I should like to inform you that United States and British warplanes based in Saudi Arabia, Kuwait and Turkey have continued to violate the airspace of the Republic of Iraq. They carried out 395 sorties in the period from 1 to 11 July 2001, 82 of them from Saudi Arabia, 257 from Kuwait and 56 from Turkey, as shown hereunder.

1. In the northern region 56 sorties were flown at speeds of 720 to 780 kilometres per hour and at altitudes of 6,000 to 12,000 metres, as follows:

(a) At 1150 hours on 4 July 2001, United States and British F-14, F-15, Tornado and EA-6B aircraft coming from Turkish territory penetrated Iraq's airspace in the northern region. They carried out 18 missions, were supported by an AWACS aircraft operating inside Turkish airspace and overflew the Mosul, Irbil, Dohuk, Aqrah, Tall Afar, Ayn Zalah and Amadiyah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1445 hours, drove them off.

(b) At 1130 hours on 9 July 2001, United States and British F-14, F-15, F-16, Tornado and EA-6B aircraft coming from Turkish territory penetrated Iraq's airspace in the northern region. They carried out 18 missions, were supported by an AWACS aircraft operating inside Turkish airspace and overflew the Baibo, Amadiyah, Dohuk, Ayn Zalah, Aqrah, Zakho, Irbil, Mosul, Sinjar, Tall Afar, Rawanduz and Dokan areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1430 hours, drove them off.

(c) At 1120 hours on 11 July 2001, United States and British F-14, F-15, F-16, Tornado and EA-6B aircraft coming from Turkish territory penetrated Iraq's airspace in the northern region. They carried out 20 missions, were supported by an AWACS aircraft operating inside Turkish airspace and overflew the Mosul, Irbil, Dohuk, Tall Afar, Zakho, Amadiyah, Sinjar and Ayn Zalah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1450 hours, drove them off.

2. In the southern region 339 sorties were flown at speeds of 720 to 780 kilometres per hour and at altitudes of 9,000 to 13,000 metres, as follows:

(a) At 0925 hours on 2 July 2001, United States and British F-14, F-15, F-16, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 25 missions, eight of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 17 from Kuwaiti territory and by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Lasaf, Busayyah, Jalibah, Basrah, Nasiriyah, Shatrah, Shinafiyah, Samawah, Qal'at Salih and Artawi areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1110 hours, drove them off.

(b) At 0915 hours on 3 July 2001, United States and British F-14, F-15, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 24 missions, two

of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 22 from Kuwaiti territory and by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Nasiriyah, Samawah, Salman, Diwaniyah, Qurnah, Basrah, Jalibah, Artawi, Lasaf and Shinafiyah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1040 hours, drove them off.

(c) At 0945 hours on 4 July 2001, United States and British F-14, F-15, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 31 missions, two of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 29 from Kuwaiti territory and by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Basrah, Nasiriyah, Samawah, Amarah, Lasaf, Salman, Shinafiyah and Ashbajah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1115 hours, drove them off.

(d) At 0835 hours on 5 July 2001, United States and British F-14, F-15, F-16, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 51 missions, 14 of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 37 from the Kuwaiti territory by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Artawi, Nasiriyah, Busayyah, Salman, Jalibah, Ashbajah, Samawah, Qurnah, Shinafiyah, Amarah, Diwaniyah, Najaf and Basrah areas as well as an area 15 kilometres east of Nukhayb. Our air defences, acting in self-defence, engaged the aircraft and, at 1200 hours, drove them off.

(e) At 0815 hours on 6 July 2001, United States and British F-14, F-15, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 61 missions, 16 of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 45 from Kuwaiti territory by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Busayyah, Jalibah, Samawah, Lasaf, Najaf, Afak, Diwaniyah, Nasiriyah, Amarah, Shinafiyah, Qal`at Sukkar, Artawi, Rifa`i, Qurnah, Qal`at Salih and Basrah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1045 hours, drove them off.

(f) At 0800 hours on 7 July 2001, United States and British F-14, F-15, F-16, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 47 missions, 20 of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 27 from Kuwaiti territory by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Basrah, Samawah, Salman, Diwaniyah, Najaf, Nasiriyah, Amarah, Jalibah and Qal`at Salih

areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1200 hours, drove them off.

(g) At 1035 hours on 10 July 2001, United States and British F-14, F-15, F-16, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 33 missions, eight of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 25 from Kuwaiti territory and by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Basrah, Jalibah, Nasiriyah, Samawah, Shinafiyah, Lasaf, Ashbajah, Nukhayb, Rifa`i, Amarah, Qal`at Salih and Salman areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1315 hours, drove them off.

(h) At 0840 hours on 11 July 2001, United States and British F-14, F-15, F-16, F-18, Tornado and EA-6B aircraft coming from Saudi and Kuwaiti territory penetrated Iraq's airspace in the southern region. They carried out 67 missions, 14 of them from Saudi territory with the support of an AWACS command and control aircraft operating inside Saudi airspace and 53 from Kuwaiti territory by way of the demilitarized zone between Iraq and Kuwait with the support of an E-2C command and control aircraft operating inside Kuwaiti airspace. They overflew the Basrah, Nasiriyah, Amarah, Samawah, Salman, Diwaniyah, Najaf, Nu`maniyah and Hashimiyah areas. Our air defences, acting in self-defence, engaged the aircraft and, at 1235 hours, drove them off.

This aggression illustrates the bellicose attitude being maintained by the United States of America and the United Kingdom towards Iraq. Since 1992, it has become a fixed policy aimed at undermining the country's sovereignty, independence and territorial integrity and at the systematic and concerted destruction of Iraqi lives, infrastructure and civilian installations. It is a policy that has been affirmed in successive statements made by United States and British officials.

The fair-minded nations of the world, including most of the Arab countries, have condemned the maintenance of the no-flight zones as representing an illegitimate use of force against an independent State. Three countries that are permanent members of the Security Council, namely the Russian Federation, China and France, have stated that the enforcement of the no-flight zones in northern and southern Iraq has no basis in any principle of international law. Mr. Boutros Boutros-Ghali, your predecessor as Secretary-General, has stated that the claim made by the United States that Security Council resolution 688 (1991) authorizes the imposition of the no-flight zones is groundless. At your press conference of 27 June 2001 you said that there was no basis in the resolutions of the Security Council for the imposition of the no-flight zones in northern and southern Iraq. Your actual words were (SG/SM/7865):

> "You know my position on this, and I have indicated that when you analyse and read the Security Council resolutions I do not see the Security Council resolutions as a basis for that."

The Government of Iraq categorically rejects the two so-called no-flight zones, which were imposed by unilateral decision of the United States and the United Kingdom and lack any legal basis. Iraq rejects all the consequences of this illegal

decision and, in particular, the flimsy excuses and pretexts used by these States in an attempt to justify their military aggression against our country.

The logistic support provided by Saudi Arabia, Kuwait and Turkey to the Americans and the British has made these countries key partners in the aggression being committed against Iraq, so that they bear full international responsibility under international law. This includes liability for full compensation for the loss and damage, in both human and material terms, that is caused by these illegal practices.

The Government of Iraq further renews its call to the countries participating in this aggression to desist forthwith from internationally prohibited acts that violate Iraq's sovereignty, place its security and integrity in grave danger and pose a direct and serious threat to international peace and security.

As it condemns these acts of aggression against Iraqi targets and installations, the Government of Iraq urges you, given that you have said that there is no basis in the resolutions of the Security Council for the imposition of the no-flight zones, to perform the duties assigned to you [under the Charter] as they relate to the maintenance of international peace and security by calling upon the governments of the countries in question to halt, end and desist from any resumption of their ongoing aggression against an independent, sovereign State and by holding the perpetrators of this aggression legally accountable for their actions.

(*Signed*) Tariq **Aziz**
Deputy Prime Minister and Acting Minister for Foreign Affairs

United Nations S/2001/727

Security Council

Distr.: General
24 July 2001

Original: English

Letter dated 24 July 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia, I have the honour to transmit herewith a copy of a letter dated 19 July 2001 from the Permanent Representative of Liberia to the United Nations (see annex).

I would appreciate it if this letter were issued as a document of the Security Council.

(*Signed*) Kishore **Mahbubani**
Chairman
Security Council Committee established
pursuant to resolution 1343 (2001) concerning Liberia

01-46697 (E) 240701

Annex to the letter dated 24 July 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia addressed to the President of the Security Council

Upon instructions from my Government, I have the honour to transmit herewith the text of a letter dated 13 July from Monie R. Captan, Minister for Foreign Affairs of the Republic of Liberia, concerning the travel ban imposed by paragraph 7 of Security Council resolution 1343 (2001) (see enclosure).

I should be grateful if you would have the present letter and its enclosure circulated as a document of the Security Council.

(*Signed*) Lami **Kawah**
Ambassador
Permanent Representative

Enclosure

I am pleased to present my compliments and to refer to your letter dated 12 July 2001, in response to a request for a waiver of the travel ban imposed by paragraph 7 of United Nations Security Council resolution 1343 (2001) to allow the Ministers for Foreign Affairs and Finance to travel to Freetown, Sierra Leone, on 14 July 2001 to attend the World Cup qualifying soccer match between Liberia and Sierra Leone.

I was taken aback to learn that the Committee did not grant favourable consideration to the request. Apparently, the Committee did not recognize the nuances of the visit and its implication for the improvement in the relationship among members of the Mano River Union and the promotion of dialogue.

The soccer match was not the primary motivation for the proposed visit but rather it provided an opportunity for confidence-building and dialogue. It is my considered opinion that the Council's rejection of the Government's request runs contrary to the spirit of resolution 1343 (2001) and the search for sustainable peace within the Mano River Union.

It is the hope of the Liberian Government that the Committee did not view the Government's request solely in the context of a soccer match. Despite the Committee's position, the Government of Liberia will continue to pursue dialogue and other avenues of improving its relationship with its neighbours.

(*Signed*) Monie R. **Captan**
Minister

United Nations S/2001/728

Security Council

Distr.: General
23 July 2001
English
Original: French

Letter dated 23 July 2001 from the Permanent Representative of Belgium to the United Nations addressed to the Secretary-General

I have the honour to bring to your attention the conclusions on the Middle East issued on 16 July 2001 by the General Affairs Council of the European Union (see annex).

I should be grateful if you would have the text of this letter and its annex circulated as a document of the Security Council.

(*Signed*) Jean **De Ruyt**
Permanent Representative of Belgium to the United Nations

01-46703 (E) 240701 240701

Annex to the letter dated 23 July 2001 from the Permanent Representative of Belgium to the United Nations addressed to the Secretary-General

[Original: English and French]

Conclusions on the Middle East issued on 16 July 2001 by the General Affairs Council of the European Union

The current situation between Israelis and Palestinians is very dangerous for the two peoples and for the stability of the region. The Council once again expresses its deep concern about this situation.

In order to break the deadlock, curb the escalation and resume a political process, there is no option but to apply the recommendations of the Mitchell Commission. The High Representative, Javier Solana, member of that Commission, is requested to continue his efforts to that end.

The Mitchell Commission's recommendations must be immediately and fully implemented. Any delay or further conditions placed on the implementation of those recommendations would play into the hands of the extremists and perpetuate the violence.

At the same time, all the commitments given to securing a cessation of the violence must be scrupulously observed. The efforts undertaken to this end must be continued and intensified. Terrorism must be fought with unfailing determination. Extrajudicial executions are contrary to international law.

The two sides must refrain from all provocation. No action aimed at weakening and destabilizing the other side should be taken. Each party needs to convince itself that the other party represents its sole partner for peace.

A third-party monitoring mechanism is needed in order to overcome any obstacles that might impede the application of the recommendations. It would serve the interests of both parties.

The European Union remains ready to play its part in close cooperation with the United States as well as with the Secretary-General of the United Nations and all the partners engaged in the search for peace in the Middle East.